

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

Department of Commerce
Room 3407
Washington, DC

Tuesday,
June 23, 2015

The meeting was convened, pursuant to notice,
at 12:15 p.m., MR. RICK BLASGEN, Chairman, presiding.

APPEARANCES:

COMMITTEE MEMBERS:

MR. PAUL BINGHAM

MR. RICK D. BLASGEN

MR. JAMES COOPER

MR. PAUL FISHER

MR. BRANDON FRIED

MR. RICK GABRIELSON

MR. BILL HANSON

MR. RICKY KUNZ

MR. TONY McGEE

MS. TIFFANY MELVIN (Conference Call)

MR. COREY ROSENBUSCH

MR. NORMAN SCHENK

MR. CHRISTOPHER S. SMITH

MR. MIKE STEENHOEK

LISA DENNIS COURT REPORTING
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MR. RON STOWE

MR. JUAN VILLA

MR. SHAWN WATTLES

MR. DEAN H. WISE

U.S. DEPARTMENT OF COMMERCE:

MR. GLEN BOLEDOVICH
NOAA

MR. RICHARD BOLL
International Trade Specialist

MS. SARA BONNER

MR. TED DEAN

MR. DAVID LONG
Director
Office of Service Industries

MR. JOHN MILLER
International Trade Specialist

ALSO PRESENT:

MR. JACK AMPUJA
MR. ADUTYA BASHEER
MR. PAUL BEA
MS. BRIDGET COLLEN
MR. DONALD CREED
MR. STEVE HILSEN
MR. WILL HUDSON
MR. JON KENT
MR. ERIC KULISCH
MR. NATHANIEL LOEWENTHEIL
MR. HOUSTON MASON
MR. GEOFF MILSOM
MS. REBECCA MOND
MR. STEPHEN SHAFER
MS. LYDIA STUVER
MR. MARCUS TRUJILLO
MR. JOHN YOUNG

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1 security looks like if we use those doors. So we do
2 not want to be doing that.

3 Also, we have coffee and different kinds of
4 snacks here. For the coffee, the library staff have
5 asked us to keep the lids on the coffee to protect the
6 carpet. That is important.

7 Also for the work that we do that is actually
8 being transmitted through the system, please use the
9 microphones with the grey tops on it, like this one
10 here. The all black microphones are for the
11 transcription service and basically serve to record the
12 meeting, So please leave them as they are.

13 With that, let me just say a few other things
14 here. Just as a reminder, I am opening the meeting on
15 behalf of our Designated Federal Officer, Rich Boll,
16 under the Federal Advisory Committee statutes. I just
17 want to remind everyone that everything we say here is
18 on the record, everything is recorded, and there will
19 be transcripts of the meeting published on our website.

20 At your request, we have arranged for a number
21 of expert briefings, experts from the U.S. Government
22 and elsewhere to assist your deliberations. As always,
23 it is your ideas, your views, and your recommendations
24 that count in these meetings.

25 Let me just -- on Rick's behalf here until he

1 gets here, let me just introduce quickly what we're
2 going to do and then I'll turn the meeting over to some
3 of our first speakers here.

4 The first one, it is a pleasure to report that
5 the last two sets of recommendations we did went
6 forward. The ITDS recommendations that we prepared in
7 April have already been used and the report from that
8 is being circulated through the ITDS project group now
9 and with industry there.

10 Also there was a conference call meeting on
11 May 21st to take a look at the trade and
12 competitiveness recommendations. We had a quorum for
13 that and they were approved without amendment. Those
14 have gone forward as well. So both things are going to
15 be used in this. It is a pleasure to report on that.

16 A couple of things. Looking ahead to what we
17 are doing today, we are meeting over two days as usual.

18 The afternoon session is going to open with an update
19 by Steve Hilsen on the single window project, senior
20 level briefing on what we're doing with pilots, the
21 program itself, some thoughts on where we may be headed
22 internationally vis-à-vis Canada and Mexico.

23 We will also consider in a presentation from
24 Norm Schenk some possible post-IDTS approaches to
25 account-based similar items in border management. I'm

1 looking forward to hearing that.

2 We will also be advancing some new work to
3 understand port congestion in light of what we can say
4 with regard to the West coast situation, and we will
5 also hear from Nate Loewentheil from the National
6 Economic Council to talk about what the White House,
7 the administration are doing on port and other
8 infrastructure.

9 Also tomorrow we have to move this, again,
10 from where it is on the agenda, somewhere shortly after
11 lunch we will have a presentation by Tiffany Melvin who
12 I believe has joined us on the phone here, talking
13 about some new ideas they have for data issues in that.

14 On Wednesday we will develop the initial work
15 on framing the congestion issue. We have looked at a
16 paper presented by Rick Gabrielson last time. We also
17 have a series of related DOT updates for that.

18 We also have a guest speaker coming from the
19 Department of Labor to talk about some programs in
20 workforce development and funding for that, and then we
21 will also develop at some length with Dean Wise and the
22 ad hoc committee on what is going on in the world of
23 permitting issues, the speed of that. We will have
24 some information on that today.

25 One other thing, we have a last minute

1 addition to the agenda for tomorrow that we will fit in
2 for the afternoon. Some of you may be familiar with
3 the work of a group called the Committee on Maritime
4 Transportation Services.

5 No one is actually going to be chairing that
6 interagency body for the next six months, I'm sorry,
7 next year, and the deal on that is this group would
8 very much like our advice on things having to do with
9 the ways in which port infrastructure, port planning
10 fit into larger supply chain issues.

11 So we have invited -- invited a couple of
12 people close to that process and to Holly Bamford who
13 you know from previous meetings to come tell us a
14 little about the kinds of things they will be asking
15 our advice with.

16 So before we get into this further, let's
17 quickly go around the room and just see who all is here
18 for the benefit of us, of course, but also for the
19 transcription. Steve, do you want to start and just
20 say who you are quickly?

21 MR. HILSEN: Steve Hilsen with U.S. Customs
22 and Border Protection.

23 MR. GABRIELSON: Rick Gabrielson, Lowe's.

24 MR. HANSON: Bill Hanson, Great Lakes Dredge
25 and Dock.

1 MR. STEENHOEK: Mike Steenhoek, Soy
2 Transportation Coalition.

3 MR STOWE: Ron Stowe, Spectrum Consulting.

4 MR. MCGEE: Tony McGee, HNM Global Logistics.

5 MR. BINGHAM: Paul Bingham, EDR Group.

6 MR. VILLA: Juan Villa with the Texas A&M
7 Transportation Institute.

8 MR. SCHENK: Norm Schenk, UPS.

9 MR. SMITH: Chris Smith AASHTO.

10 MR. ROSENBUSH: Corey Rosenbush, Global Cold
11 Chain Alliance.

12 MR. COOPER: Jim Cooper, American Fuel &
13 Petrochemicals Manufacturers.

14 MR. FISHER: Paul Fisher, CenterPoint
15 Properties.

16 MR. KUNZ: Ricky Kunz, Port of Houston
17 Authority.

18 MR. FRIED: Brandon Fried, the Airforwarders
19 Association.

20 MS. MOND: Rebecca Mond, the Toy Industry
21 Association.

22 MR. CREED: Donald Creed, Bureau of Industry
23 and Security, Commerce Department.

24 [Out of mic.]

25 MR. KENT: Jon Kent of National Customs

1 Brokers and Forwarding.

2 MR BOLL: Richard Boll, Department of
3 Commerce.

4 MR. WEISS: Tim Weiss, Department of Commerce.

5 MR. LONG: Okay. Well, excellent then.

6 Without further ado, let me turn the program over to
7 Steve Hilsen to talk a little about what's happening in
8 the world of the single window system.

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ITDS UPDATE AND DISCUSSION

Steve Hilsen, CBP

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3 MR. HILSEN: Thank you, David. I appreciate
4 the opportunity to come in and provide some additional
5 information.

6 We were able to join I believe the last
7 meeting that you all had. Christa Brzozowski with
8 Department of Homeland Security, with the Department
9 unfortunately was unable to join us today, but I'm
10 looking to provide just some basic overview information
11 in four different areas with the single window, and of
12 course welcome any questions or comments that you may
13 have.

14 First I would like to talk about the outreach
15 that is ongoing now out to the trade community on what
16 is happening in single window. We do a very high level
17 on where we are at in the actual development of the
18 automation system that is going to serve as the single
19 window for the U.S. Government, an overview on where we
20 are at with the pilots, with the partner company
21 agencies, the key benefit that we'll see on the single
22 window, and then as mentioned current conversations
23 sort of going on with international engagement when it
24 comes to single window and always looking for
25 opportunities for feedback and for your thoughts on

1 that as well.

2 So we start out with the single window, and as
3 a result of the Executive Order that is now a year and
4 a half ago from the White House mandating the movement
5 into the single window of the U. S. Government agencies
6 by December, 2016.

7 Part of that Executive Order also created one
8 of the oversight bodies that we have, the Border
9 Interagency Executive Council. As part of that work,
10 there is a group that is focusing on outreach to the
11 trade community regarding what's happening in the
12 single window.

13 So it is the Border Interagency Executive
14 Council External Engagement Committee, or the BICEEC.

15 Currently ongoing they have a very robust
16 schedule over the course of this summer doing outreach
17 to the trade community coordinated across the
18 government agencies. It started earlier this month,
19 last month, in Tacoma at the CBP Trade Symposium.

20 They had another session in Los Angeles, Long
21 Beach, a couple of weeks ago, and then through the
22 summer they will be hitting 20 ports eventually across
23 the country with some form of joint briefing,
24 information sharing between the various government
25 agencies, Customs and Border Protection and the trade

1 community.

2 Early feedback is that that is going very well
3 and we at CBP have been sharing the message that the
4 U.S. Government agencies have been working very closely
5 together on moving towards integrating all the
6 government agency requirements into the new automation
7 system, but there seems to be benefit to folks actually
8 seeing the various government agencies sitting next to
9 each other and having the same message that is helping
10 drive home the point of all the work that's going on.

11 A major focus of this outreach is not only to
12 share with everyone where we are at in the process of
13 building the single window, but looking to continue to
14 encourage the trade community to engage in the new
15 automated commercial environment system as early as
16 possible to help us test it and run it through trials
17 and make sure that the system is operating as
18 anticipated.

19 So along those lines, we had three critical --
20 including the Executive Order, we have four critical
21 time frames associated with the development of the new
22 automated system that will serve as single window.

23 The first is a milestone that we just passed
24 which was the migration of the air manifest system into
25 the new automated commercial environment. That took

1 place over the course of May and into June. We are now
2 at the tail end of that transition and moving the air
3 manifest functionality into a new automated system off
4 of Air AMS.

5 That means we now have all of our modes of
6 transportation in one system. That is a significant
7 positive development in our systems for handling
8 manifest information.

9 Our next critical date coming up is November
10 1, 2015, and that is when we be requiring that all
11 entry cargo release requirements as well as entry
12 summary which is where we finalize duties, taxes and
13 fees payments will migrate, be mandated to be filed in
14 our new automated commercial environment system
15 November 1, so that's coming up very quickly, a lot of
16 work to be done, and that is also our opportunity to
17 integrate and include our partner government agency
18 requirements electronically in with the filing of the
19 cargo release and the entry summary requirements.

20 We have an October, 2016 mandatory date in
21 which remaining functionality in order to what we call
22 "core trade processing", essentially the basic
23 functionality to provide imports and export processing
24 into the United States will required in our new
25 automated commercial environment.

1 And then the Executive Order has a December,
2 2016 deadline by which the government agencies that
3 have a role in regulating imports or exports need to be
4 electronic and accepting those requirements through the
5 single window which will be CBP automated commercial
6 environment.

7 We currently as we speak have a group of
8 around 263 trade members sitting down at a ballroom
9 down at the Department of Agriculture, the Trade
10 Support Network, talking through the various
11 implications of those mandatory dates and the status of
12 where we are at and how we are going to all work
13 towards transitioning towards that. So a very active,
14 busy week this week in walking through some of the
15 details, November is not that far off, so still a lot
16 of work to do, but everyone is making great progress.

17 In support of making this migration into our
18 new automated system, this is going to be a very busy
19 summer. We also have a series of pilots set up with
20 the various government agencies that are being
21 integrated into this single window.

22 We have 14 government agencies. There are
23 actually somewhere north of 45, 47 government agencies
24 that have some role or some interest in imports and
25 exports. About 27 of those have some kind of

1 automation interface with CBPO who will need to have an
2 automation interface, and then a subset of that is
3 about 14 that are actually part or have an impact on
4 that cargo release process, getting the stuff out of
5 the ports to make sure that its released and admissible
6 as well as duties, taxes and fees.

7 So those are the 14 agencies we are focusing
8 over the summer and running a series of pilots across
9 the country. Number one, to actually deploy the
10 functionality to support their needs over the June,
11 July, August time frame, but then also do this in a
12 phased manner in which we are slowly rolling out the
13 functionality to make sure that the operational impacts
14 are understood on changing from paper to electronics.

15 What do the CBP personnel at the ports need to
16 know and how does it work, how do the Department of
17 Government Agency personnel interact, how do we get
18 information back and forth, et cetera.

19 So this summer we will be focused on making
20 sure the functionality works, but then even more
21 important, number two, that the process continues to
22 flow before we get to November 1 because our overriding
23 concern is that we are not impeding the flow or the
24 import or export of goods through our borders and our
25 points of entry.

1 We will start off with approximately 10 or 12
2 of our major ports of entry about the second week of
3 July, and then in order to make sure initial
4 functionality works and then in two or three phases
5 over the course of July and August, by the end of
6 August we look to have all of our ports eventually up
7 and provisioned and able to use the functionality and
8 with the help of the trade community, hopefully we will
9 have run through actual transactions in the system to
10 ensure that things are working as we anticipate or that
11 we have identified those things that we need to fix.

12 Lastly on the topic of international
13 engagement, before I open up for anybody who has any
14 questions, part of our challenge with U.S. Customs and
15 Border Protection is that all of our really smart
16 people who know all about the single window and our new
17 automation systems are busy building our new automation
18 systems and our single window, and so conversation
19 we've been looking to have with various advisory groups
20 such as yourself or with Customs Advisory Group, which
21 is COAC as well as the folks in the Trade Support
22 Group, a number of them just mentioned is what is the
23 right level of engagement between now and the end of
24 2016 internationally when it comes to single window.

25 Single window is an important element, best

1 practice out of the Trade Facilitation Agreement. We
2 are getting a lot of interest from around the world,
3 but I only have so many technical folks and our mandate
4 is to build our system and get it up and running first
5 as a priority. So we have been engaging in
6 conversations and we have to continue to do so with the
7 trade community on when might there be opportunities
8 that we can release the conversation or initiate
9 conversations internationally between now and that
10 December 2016 time frame so we don't miss
11 opportunities?

12 Either there are opportunities that you in the
13 trade community say could bear some fruit, we've
14 received some very good feedback from our external
15 engagement committee stakeholders as to suggestions on
16 where to focus and North America of course would be at
17 the top of the list of where we are looking to engage
18 and then make sure that we're working together.

19 The challenge for the United States around the
20 world is we cannot build 140, 150 different interfaces
21 to try to get to the vision of an interoperable single
22 window system, and so the WCO and the data monitoring
23 opportunities, how do we leverage those standards and
24 look for opportunities to continue to move forward and
25 opportunities to make the flow of the share of

1 information more cost efficient, reduce redundancies,
2 speed up processing, all the vision benefits that we
3 see from the single window.

4 Dave, is there anything else that you wanted
5 me to touch on? Or is there anything you wanted to add
6 on that?

7 MR. LONG: Thank you very much. I was
8 actually part of two of the last outreach events. It
9 was a pleasure to see industry so engaged. The
10 sessions in Tacoma and LA were I thought extremely well
11 attended, a lot of detailed, specific questions there.

12 One question that has come up from this group
13 a great deal is, you know, the extent to which we have
14 contacts with the Mexican and Canadian governments
15 right now in this thing. I was wondering if you might
16 be able to characterize how you're managing the issues
17 you described about controlling the level of
18 integration and discussion with that as we build this
19 out with those two key governments, if that's possible.

20 MR. HILSEN: Anything is possible. We will
21 see how it works.

22 So we have been engaged with Canada and Mexico
23 on various activities over the last several years.
24 They have been primarily focused in the manifest
25 security environment. We had ongoing work with Canada.

1 I'm looking for opportunities for data harmonization.
2 That is one of the biggest challenges -- is various
3 countries with various national interests working for
4 information.

5 We all want essentially the same information
6 of course, you know, who is sending it, what is it,
7 where is it coming from, where is it going to, et
8 cetera, but it is the additional information and timing
9 which provides some of the challenges ahead of us.

10 So with Canada, we did do that work on looking
11 for opportunities of data harmonization from the
12 security aspect and looking to tee up over the next
13 year or so. That is still being finalized.

14 Next steps in ensuring best practices and
15 lessons learned, Canada has been moving ahead with
16 their single window. The challenge internationally
17 with single windows, there is differing definitions of
18 what a single window is and how it operates.

19 Different when you look at Hong Kong versus
20 some of the central and South American countries that
21 focus almost exclusively on exports.

22 So that's the challenge we have, but we do
23 have Canada and Mexico at the top of our list looking
24 for opportunities to engage as we can between now and
25 the end of 2016.

1 On the Mexican side, similar, and yet we've
2 been looking at manifest information, particularly in
3 the rail environment. We have been running work with
4 them on trying to see how can we share the concept of
5 export information as import information, import
6 information is export information. So that work
7 continues and it has been focusing in the rail
8 environment, but part of the North American Leaders
9 Summit, there is this desire to continue the
10 conversation. We just haven't had an opportunity to do
11 any really nuts and bolts sit down working with them.

12 We do have some meetings scheduled as we go, I
13 believe into the fall and into the winter to see where
14 we can pick this effort up as we move forward into
15 2016.

16 MR. LONG: Could you elaborate a little bit
17 on some of the work that's going on with the
18 participating government agencies? The FDA's, EPA's
19 and CPSC's of the world and how the coordination with
20 CBP is developing there?

21 That has been an important issue for everyone.

22 MR. HILSEN: So first off, the interaction,
23 the engagement of the various government agencies has
24 been exceptional, particularly over the last year, year
25 and a half.

1 The various agencies of course have various
2 missions and focus of their risk and that has provided
3 some of our challenge as we move forward, but that is
4 what we are working through.

5 Agencies like FDA, we have been for many years
6 already receiving electronic information through our
7 legacy automation system, ACS. And so we have been
8 working with them as we move forward to continue that
9 opportunity for electronic information exchange.

10 Depending on the agency of course they have
11 various levels of requirements today. Most have a
12 paper requirement, so the focus has been on how can we
13 identify the opportunities where we can eliminate the
14 need to provide a forum and get the information
15 instead?

16 As mentioned with the other governments, it is
17 the same thing with the U.S. government agencies. We
18 all need essentially the same information, you know,
19 what it is, where it is coming from, where it is going
20 to and who is causing the movement.

21 There tends to be a unique, small subset of
22 information they require outside of that maybe
23 permanent numbers or license numbers or approved
24 importer numbers, and so that is where the focus has
25 been with the agencies is to identify what is needed in

1 addition to what we already get.

2 The primary mandate has been reduced
3 duplication of information requests, either reduce the
4 number of times we ask individual trade partners or
5 people in the supply chain for the same information or
6 where we ask for the same information from multiple
7 parties.

8 We have been very successful in doing that and
9 reducing the over -- may not be reducing the data that
10 we are requiring or requesting, but at least reducing
11 the duplication as well as the opportunity -- one of
12 the biggest benefits we are seeing is the ability for
13 the information when it comes in electronically for the
14 agencies to be able to see that earlier in the supply
15 chain which then provides the opportunity to make their
16 decisions earlier in the transportation chain.

17 The challenge we have in the current
18 environment is that often the goods have to arrive and
19 the paper has to be presented before an agency will
20 make their determination as to is it admissible and can
21 it be released. What we are moving away from is that
22 to an information is provided and submitted prior to
23 arrival, allow the agencies to do their risk assessment
24 prior to arrival and the goal is to reduce the number
25 of times we have to stop cargo waiting for a piece of

1 paper to arrive when there really is no risk or need to
2 stop to look at it.

3 The agencies are all very engaged in that and
4 we have seen a very significant interest, an increase
5 in interest by all the agencies on being able to do
6 this as they all deal with the same resource
7 constraints that each of us deal with within the
8 government agencies.

9 CPSC is actually being very proactive in -- as
10 they look forward to 2016 which is when we are looking
11 to integrate their requirements. A lot of concern I
12 know in the trade community about how big is this going
13 to be for CBP, what are they doing to ask for? What is
14 CPSC going to ask for as far as data? Is there new
15 data elements?

16 But what I can say is CPSC is working very
17 hard to do a lot of outreach, a lot of piloting and a
18 lot of testing over the course of the beginning of next
19 year and they are very interested in making sure that
20 they understand what are the potential operational
21 impacts to the trade community.

22 So we are seeing a wide range from perhaps not
23 a huge change for some agencies to potential for a
24 significant change in how they do business as we move
25 towards a single window. But again, the overriding

1 principles are reducing paper, advanced information,
2 advanced decision making and one of the critical
3 features that we continue to push is that when they do
4 need to see something that we get more descriptive as
5 to what it is.

6 One of the challenges the trade community has
7 now is we may stop a shipment because an agency needs a
8 form. What they get in our legacy system is the cargo
9 is held and that's it, the cargo is held. And so they
10 will call the CBP office saying why is this being held
11 and often it will be well it's not because CBP is
12 looking for something, USDA or someone needs an
13 additional form, the trade provides it, hen the goods
14 move.

15 One of the benefits we are seeing and will see
16 in the single window is that if there is a document
17 required for additional information, that message will
18 go electronically back to the trade community saying
19 this is not good to go because this agency is looking
20 for this form and this is where you can follow up.

21 I think that right there will be a huge
22 savings and help with the movement of goods through our
23 ports because a lot of work is being done right now
24 waiting for that piece of paper to show up or figure
25 out who even wants what, and so that's actually our --

1 we have our partner government agencies down at the
2 Trade Support Network right now talking through this
3 with the brokerage and the software folks and other
4 members of the trade community to help explain where
5 they are going with that messaging. But that's an
6 exciting piece of it as well.

7 MR. LONG: Do we have questions? Tiffany is
8 on the line with us. Do you have questions on this,
9 Tiffany?

10 MS. MELVIN: Yeah, I have a couple questions,
11 and I know there is kind of an echo, but I'll try to
12 get past it.

13 I was wondering if Christa is still doing her
14 blog? I think she did three or four of them several
15 months ago, but I'm wondering about her people that are
16 maybe not able to be at these outreach meetings in
17 person or that are not in meetings like the one we are
18 in today but are still interested in getting
19 information about the status of everything.

20 Is there going to be a report issued or a
21 quarterly report or anything that organizations like
22 mine and I'm with North American Strategy for
23 Competitiveness and we're trying to update a lot of
24 people in Canada, the U.S. and Mexico on the status of
25 things.

1 Is there anything that will be put in writing
2 for sort of consistent updates as we move forward and
3 you guys meet some of these deadlines that we can then
4 help to forward to people that we know are interested?

5 MR. HILSEN: Excellent question. Thank you
6 very much. On the first I'll have to say I don't know
7 if she's going to keep doing her blog or not. Again,
8 unfortunately she wasn't able to join us, but here is
9 what I share with everyone.

10 Again, last year I spent last year going to
11 all of our CBP field offices to talk about this.
12 CBP.gov/ACE. It is one of the better websites I have
13 ever seen CBP put up.

14 What we have there is we have information
15 regarding not only the development of the new
16 commercial system, but the single window information.
17 We'll have the pilot schedule for the PGA's up there.
18 We have the development schedule, what functionality is
19 being put out, we have technical documentation for the
20 software developing community.

21 We have done and we will continue to do over
22 the summer webinars with various government agencies to
23 talk about what is it that they are going to put out.

24 We have those all linked and archived on
25 CBP.gov/ACE. So if you are looking for information, if

1 you have folks who are looking for information about
2 that and if you are involved in any way with the import
3 or exports of goods, you should have CBP.gov/ACE
4 bookmarked on your computer.

5 You will see a tremendous outreach. We have
6 one pager's that can be sent out. We have provided
7 these one pager's that you can print off. We put those
8 in broker mailboxes, our ports of entry use that for
9 outreach.

10 But schedules, outreach information,
11 communication information in a number of different
12 formats are all right there. That would be your best
13 bet.

14 And then we have links to a couple of other as
15 well. I think I'll let David talk about the BIC.

16 MR. LONG: Thank you.

17 MS. MELVIN: Okay. Great. Thanks. I had
18 one other question.

19 We are working with Maria-Luisa's staff on
20 helping to promote attendance at your outreach seminars
21 over the summer. The one thing that has come up so far
22 is that we got the -- I guess my question is about
23 branding.

24 The Laredo meeting that is coming up, I don't
25 know if the Laredo Customs Brokers Association was

1 responsible for putting together that flyer to
2 encourage their local people to attend or if you guys
3 have a flyer kind of template that everyone is using,
4 but it is branded as a South Texas ACE outreach seminar
5 in this flyer, but then as I talk to other people from
6 around the country, some people referred to it as
7 single window, some people are calling it ITDS, some
8 people call it ACE, and I was just kind of curious if
9 there is any way to maybe make it uniform in the way
10 that all these different places are talking about it so
11 that everyone kind of understands where things are and
12 where they are going. I guess that's my question.

13 MR. LONG: I can answer part of that. Let me
14 start. I can answer part of that, Tiffany, and give
15 you some other background and then I'll give it back to
16 Steve.

17 The branding question has come up a lot of
18 different ways. Most recently at an outreach meeting
19 with the BIEC. A number of people involved in the toy
20 business, for example, which has all kinds of cool
21 stuff going on in the import/export world, made some
22 very good suggestions about trying to reshape it away
23 from fairly abstract terms to how to get it into
24 something to talk about electronic filings or online
25 filings. Just make it something that is very simple

1 for people to understand what you're doing.

2 It is one thing to talk about ITDS, it is
3 something else to talk about using a computer to submit
4 all of your forms. So yes, that's going to get a lot
5 of attention.

6 On the marketing side for this, this is part
7 of a number of things we are doing. We went at this
8 external engagement and Jeff is here and can jump in on
9 this, too, Jeff Weiss.

10 But the basic strategy in approaching this was
11 to start with things like the existing advisory
12 committee structures, groups like this, the Trade
13 ITACs, COAC, TSN, other groups, and start with the --
14 the immediately on hand contacts we had.

15 The second wave in that was to start expanding
16 out to leading companies, key trade associations, many
17 of whom are represented here today or visiting with us
18 to try to get the word into as many hands as possible
19 for people who could multiply the effects down the
20 road. Some of this is software developers where there
21 have been events and association contacts there, other
22 freight forwarding groups, customs brokers and similar
23 things.

24 Another has been the webinars, the attempts to
25 get to a broader audience through things like that.

1 But even if we did, you know, continued our monthly
2 meetings with stakeholders by phone with CBP, there
3 just isn't enough time to do all of these that way, so
4 we are looking for something much broader, and that
5 gets back to the question of what will happen with
6 Christa's blogs and the rest of it.

7 What is going to happen next is there will be
8 a much broader media effort for this with social media,
9 more professional marketing to get this into different
10 frames. So I imagine the content of what Christa has
11 been doing is going to find its way into a different
12 format, something that looks more like conventional or
13 modern marketing to get that out to everyone.

14 So for example, with that I mentioned the idea
15 of talking to key associations and getting a broader
16 look. Steve mentioned a number of the events we have
17 done at major ports and crossings. We did -- let's
18 see. We did Seattle, Tacoma, LA. On June 30 we're
19 going to be out in Laredo to take a look at the largest
20 land crossing in the U.S.

21 There are also events scheduled for Port
22 Huron, Detroit, New York, New Jersey, Miami and 15
23 others that aren't quite the same volumes and
24 capacities of this.

25 The thinking in this is to help support the

1 pilots which will probably test something like 45
2 percent of U.S. imports by the end of the year if all
3 works correctly.

4 But within that, the idea is to get beyond
5 what can be done with simple meetings or conversations
6 to get into something where everyone can find it. The
7 website that Steven mentioned rocks, it has all of the
8 current information on it.

9 It has Federal Register notices, the webinars,
10 the links to all the contacts, pilot testing schedules,
11 where to contact for that and much more information.
12 That is all going to be developed much further in the
13 time ahead.

14 So I will give it back to Steve or Jeff, do
15 you have something to add to that?

16 MR. HILSEN: Yeah. So I think, David you
17 covered it very well. This has been a challenge, ACE,
18 single window ITDS, One U.S. government, and again, it
19 depends on the audience as well, because when we talk
20 about the folks who actually do the technical importing
21 and exporting and the communication with the U.S.
22 Government and with U.S. Customs and Border Protection,
23 ACE has a meaning and that's the window we are doing
24 it.

25 Those who utilize brokers are a step away from

1 that, the concept of single window or One U.S.
2 Government is what resonates because that means oh, I
3 don't have to submit separate requirements to separate
4 agencies and slow down the time.

5 ITDS has historical an historical reference
6 and that the international trade data system was really
7 our first foray into this, focused on this alignment of
8 data requirements for the U.S. Government.

9 But as we move forward, the external
10 engagement committee is really looking to help us with
11 that and how do we package that so it has the
12 appropriate meaning for the appropriate audience and
13 people understand not only the benefits of what we're
14 trying to do, but what is it that they need to do to
15 help us realize this and take advantage of the
16 benefits.

17 MR. LONG: The group is strangely quiet today.
18 Do we have a question, comments?

19 MR. STOWE: I'd like to follow up the
20 conversation on branding with just one suggestion. It
21 may sound a bit farfetched, but we have been through
22 stranger situations.

23 This was an excellent briefing for people who
24 know something about the subject and we really
25 appreciate seeing the progress that has taken place.

1 What we don't want to do, especially in the
2 silly season of 2016 coming up is risk anybody looking
3 for an agenda and trying to hijack this like they did
4 with Common Core.

5 There could be very easily somebody who knows
6 nothing about it who says oh, I'm not going to let some
7 central authority -- my only suggestion is you preface
8 each one of the briefings with a very short summary of
9 why it's in the benefit, why this is a -- it is a
10 preemptive statement about why this is good, so it will
11 discourage any politician who wants to say this nasty
12 stuff.

13 I think you can just dispense with it then,
14 but you have to say why, in an everyman sense, why it
15 is a good thing.

16 MR. HILSEN: Thank you.

17 MR. FISHER: I was thinking somewhat along
18 the same line.

19 Has there been an effort to quantify the
20 economic benefit of this system to the United States?

21 MR. HILSEN: Yes.

22 MR. FISHER: What is it? I'm just curious.

23 MR. HILSEN: Oh, you want a follow up on
24 that.

25 [Laughter]

1 MR. HILSEN: So that's an ongoing work,
2 metrics and again, I'll turn it over to David and the
3 External Engagement Committee and the BIC has been
4 looking at various metrics and how we can quantify
5 this.

6 We've been working with the trade community,
7 things such as how much does it cost each time a
8 shipment is held? Particularly if we are looking at
9 document requirements that end up not finding anything.

10 So those are ongoing measures. We have also
11 been working and challenging the trade community to
12 identify as well metrics that they track on costs
13 associated with importing and exporting.

14 We found that apparently that is not as easy
15 as we would like to think, but metrics is an important
16 piece of what we are doing. The Department of Homeland
17 Security actually just has begun the process. We are
18 in the process of doing a time release study to talk
19 about so we can compare time associated with our legacy
20 processes versus our new processes as we roll this out
21 so that we can do that comparison to talk about how
22 have we improved the process.

23 Is it speed, time between submission and
24 release, is it as we hear from some in the trade
25 community, the elimination of having to buy reams of

1 paper because we are not asking for documents.

2 So that is an ongoing conversation and we are
3 open to suggestions or ways in which we can help
4 quantify that. But we are very interested in that. We
5 can continue to work on the government side on what the
6 benefits are that we are looking and seeing. You know,
7 we are not using officers to do exams that don't find
8 something.

9 But on the economic side, we continue to look
10 to the trade community for opportunities or suggestions
11 on what does it mean if you don't have to have
12 personnel working weekends because you have to have
13 someone hand a piece of paper when the shipment shows
14 up on Sunday.

15 What if you can submit it electronically three
16 days prior? Does that have an impact? What is the
17 cost benefit? But like with any transition or change,
18 there is going to be increased upfront costs to put in
19 new programming, new systems, new training and those
20 kinds of things.

21 We are very interested and engaged in that and
22 we are very much open to suggestions particularly from
23 the trade committee side, what benefits do they see.

24 MR. MCGEE: Yes, Steve, I just wanted to let
25 the committee to know that in Florida, CBP office, they

1 did an excellent job of providing webinars. We invited
2 25 to 30 of our customers to really get them up to date
3 on the different process going forward and I think that
4 was very helpful.

5 So you guys offered that service and it may be
6 of some service to some of the committee members as
7 well.

8 MR. HILSEN: Thank you, and I'll share that
9 back with them.

10 We do have at every port of entry what we call
11 an ACE ambassador. That's our representative for the
12 new system who is doing outreach to the local trade
13 community. They know who their local brokers and
14 carriers are and so that's one of the pieces of our
15 outreach, so thank you for the feedback on that and we
16 continue to encourage that out in the trade community.

17 But again, finding the right message for the
18 right audience continues to be something we are working
19 on.

20 MR. LONG: Strangely silent on this.
21 Questions? Comments?

22 [No response.]

23 MR. LONG: Okay. Let me turn it back then to
24 our Chairman.

25 I want to thank Steve for coming over to do

1 this. I really appreciate this. Steve is one of the
2 key leaders in this process in the technology and
3 rollout and on behalf of the committee, I want to thank
4 you for coming to talk to us about this. It's great.

5 We have had a number of people come in since
6 we checked some of the housekeeping rules.

7 For those who missed the earlier briefing, the
8 restrooms are down by the exit door on the left. A
9 word of caution on those exit doors, they are totally
10 alarmed. If you open them, we'll have police
11 everywhere. I'd ask you please not to do that.

12 Also the library staff asked that for the
13 coffee and food, let's be careful not to get it on the
14 rugs. They request lids on the coffee cups. The last
15 one is if you are talking to the mics, please use the
16 one with gray tops.

17 The all black microphones are for the
18 transcription service, so please leave those where they
19 are. Without further ado, let me give the meeting back
20 to your Chairman, Rick Blasgen.

21 MR. BLASGEN: All right. Thanks, David, and
22 good afternoon everyone. I apologize for my tardiness.
23 Our organization annually unveils the U.S. Data
24 Logistics Report which we did over at the Press Club
25 and you'll be happy to know the cost of logistics in

1 the United States is \$1.45 trillion dollars, with a T,
2 or 8.3 percent of GDP which is what we unveiled and had
3 a discussion with some panelists and Sean and Dean were
4 kind enough to participate on that panel with us as
5 well.

6 So I apologize for being late. David, thanks
7 for kicking it off, and Tiffany, thanks for
8 participating via the telephone system here. I
9 appreciate that.

10 So we have got an agenda here. I know that
11 there has been a lot of action on the subcommittee
12 side, so today and tomorrow we can further those
13 agendas and see where everyone is at with regard to
14 upcoming recommendations and we'll get some updates on
15 existing recommendations and where they are at.

16 So without further ado, we will turn it over
17 to Norm for a conversation on the border clearance
18 program. Thanks, Norm.

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25 **ACCELEAED BORDER CLEARNACE PROGRAM**

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Norm Schenk, UPS

MR. SCHENK: You are welcome.

Thanks, Rick and David and also Sean for your support and allowing us to spend a little bit of time this afternoon to talk about Next Generation customs clearance and where we see that going.

I certainly wanted to do it from a perspective of the impact from the broader committee on supply chain.

MR. LONG: Could you move a little bit closer to the mic, please?

MR. SCHENK: Okay. Yeah. Would ensure that as far as international supply chains go, the biggest barriers are bottlenecks at the border, whether it be customs or other government agencies related to that.

For the four big express carriers alone on a monthly basis we probably average about 1.5 million shipments held around the world on day of arrival. Generally speaking, probably half the countries in the world hold about 25 percent of the shipments when they arrive and probably last statistics I looked at 1 in 5 countries around the world probably hold half.

So these bottlenecks at the border due to customs and/or other government agencies are a real

1 barrier to supply chains. And before I get into the
2 slides here and give you a brief overview, the idea
3 behind this model that we have developed is
4 particularly geared toward highly compliant companies
5 that have highly compliant supply chains, and the
6 example I always use, Pfizer is not here, but I
7 interact with them enough is if you think about Pfizer
8 and Lipitor, they do thousands and thousands of
9 shipments moving around and across the border.

10 Pfizer is a highly compliant company, highly
11 compliant manufacturers, highly compliant controls over
12 their supply chain. Why should the shipments coming
13 through Pfizer, that Pfizer brings in go through the
14 same process as if one of us as an individual went to
15 some obscure website around the world and ordered some?

16 It just doesn't make sense from both a supply
17 chain company's perspective and from a custom's
18 administration.

19 So the Global Express Association which
20 includes DHL, TNT, Fed Ex and UPS, we came up with this
21 advanced clearance model that I wanted to share with
22 you this morning. We have also received a lot of input
23 from different groups.

24 We had a number of companies involved. Some
25 of the associations, the Customs Broker's Association,

1 American Association of Exporters and Importers and I
2 also Chair the International Chamber of Commerce
3 Commission on Customs and Trade.

4 We are in 160 countries, have about 6.5
5 million members and through affiliate chambers we
6 probably represent over 30 million companies. So the
7 voice of business has been clearly involved in trying
8 to come up with this and how we can improve supply
9 chains.

10 So we will jump into the presentation. I have
11 got I think seven slides and the idea is not to get too
12 technical and lose the committee on that. But if I
13 could just kind of frame it out on the way you would
14 understand, you know, how it works.

15 Certainly smooth border facilitation is a
16 critical component of international trade, we all know
17 that. I would also reiterate here is that we are huge
18 supporters of single window. Single window is a great
19 step forward and we are big supporters of that. That's
20 one of the questions I get asked the most is well how
21 does this tie into single window?

22 Again, we support single window, but as I have
23 mentioned in other meetings, single window is not a
24 destination, it is a step forward, and the big
25 difference between the two, I'll mention this several

1 times, is that single window is still transactionally
2 based and what we are advocating for is an account
3 based process.

4 So if you wonder what the difference -- that
5 is in simple terms what the difference is for that.
6 What we are doing with the ABC model is we are
7 connecting the dots on many of the good programs that
8 are already existing out there and I'll touch base on
9 CBP in a minute. Okay, John.

10 [A showing of slides.]

11 MR. SCHENK: Okay. The basic ABC model
12 replaces the current clearance processes around the
13 world and it is based on starting with strong security
14 programs supported by intense pre-certification of the
15 companies involved in the supply chain.

16 Companies can do this on a voluntary program.
17 Probably from where we see this first starting, that it
18 would be most applicable to larger companies. However,
19 we have been also careful to try and design it in a way
20 that it is open to small and medium sized companies as
21 well and we are still working out some details on that,
22 but the idea is to get the thing launched but it would
23 apply to all that.

24 Certainly border agencies' cooperation is
25 required and we are working through that. What the

1 model doesn't fit really is one time importers, so this
2 would be geared towards regular companies that use
3 supply chain for that. Okay, John.

4 [A change of slides.]

5 MR. SCHENK: Okay. How does it work?
6 Security programs such as the air cargo -- I'll try not
7 to use acronyms -- such as the Air Cargo Advanced
8 Screening, that was the security program that went in
9 after the Yemen printer cartridge incident for those of
10 you who aren't aware of it, and then authorized
11 economic programs, the U.S.'s customs trade partnership
12 against terrorism but globally they are more referred
13 to as AEO programs on that one, and I'll leave it at
14 that.

15 Transactional controls for safety and revenue
16 are replaced by pre-certification on that. So here's
17 the two-step process how it works. One is pre-loading
18 filing for security risk assessment based on the pre-
19 certification and the goods are immediately good to go
20 for delivery. It's as simple as that.

21 And then step two is duties and taxes are paid
22 periodically with the entry summary, so in today's
23 environment, again it is done on a transactional basis,
24 but this would put it into a true account basis and I
25 have a diagram coming up here that will actually give

1 you a better visual. Okay, John.

2 [A change of slides.]

3 MR. SCHENK: Okay. Depending on where you are
4 sitting and you are looking at the screen here, but if
5 you look, there is basically three lines. We've got
6 the current model that exists today. This is using the
7 U.S. example. Again, this is a global program. It is
8 a four-step process.

9 We do the security filing for air shipments,
10 we have to clear the other government agencies, we
11 separately clear Customs and then we pay the duty and
12 do an individual filing within 10 days. That's the
13 four-step process today.

14 The middle step there really introduces the
15 ITDS single window which is we still have the security
16 filing. On the air side it is ACAS and then you have
17 ITDS where you tie in the customs and the other
18 government agency, and then at the end you are still
19 paying in ten days, so ITDS reduces it from four steps
20 to three.

21 Then at the bottom is where you can really see
22 the difference is where ABC goes to the two step
23 process and it is again, basically on the pre-
24 certification we do it, a security filing with or
25 without a trader identification number.

1 Some countries have expressed interest in
2 having some type of number for this. It is not a new
3 number, it would just be whatever their existing -- we
4 oppose any new numbers just for the record in case
5 anybody is wondering. But it would be an existing
6 identification number.

7 CBP at this point has in our discussions for
8 the pilot has not asked for one, but if they want it or
9 not, it's not a big deal. So the shipment would be
10 good to go, and then what we are proposing certainly in
11 the pilot with CBP is do a periodic entry and we
12 suggested why don't we start with the weekly entry.

13 CBP said why don't you just start with a
14 monthly entry. Whatever it is, we don't think the
15 company should be locked into that time period, so you
16 know, if Boeing would prefer to do their reconciliation
17 for their imports on a monthly basis, fine.

18 If Pfizer wants to do it on a weekly basis,
19 fine. It would potentially be a quarterly basis, but
20 whatever works for that company. We don't want a
21 pigeon hold on that, so that's the brief diagram. Okay,
22 John.

23 [A change of slides.]

24 MR. SCHENK: The foundational principles
25 behind this, it is consistent with existing CBP

1 policies and procedures, and as I mentioned earlier, it
2 connects the dots on existing programs which include
3 CTPAT, the Importer's Self-Assessment, which is an
4 audit type program, the Centers of Excellence which I
5 think most of you are familiar with that.

6 Global entry, for those of you that travel
7 internationally, I think most of us do a lot. How many
8 people have global entry?

9 [A showing of hands.]

10 MR. SCHENK: Just out of -- okay. So
11 everybody understands the principle. You did your
12 application, they did the background check and based on
13 that when you come in you're good to go with the --
14 it's the same process as in principle for global entry,
15 but it is for commercial type shipments, so that was a
16 key foundational issue for us.

17 Then some of the other nuances of how it works
18 are tied to foreign trade zones. In a nutshell, a
19 company would get benefits of foreign trade zones
20 without having to go through a foreign trade zone.

21 In today's trend, a lot of companies are
22 starting to use foreign trade zones for the simple
23 reason of merchandise processing fee and some of the
24 other things, but there is really no practical reason.

25 There still are good reasons for foreign trade

1 zones, don't get me wrong, but a lot of companies are
2 joining it for that, so that helps with that.

3 I met with the Commissioner at CBP numerous
4 times. He asked me one time, he says well who came up
5 with this idea? And the answer is CBP did, because CBP
6 built all these programs, they just hadn't quite
7 figured a way to connect the dots and that's what we
8 did. So again, this is really, really important to
9 understand that it is based on that.

10 And then last but not least is, and that's why
11 it is so important with CBP is modeling the way for
12 other countries and global harmonization. All of us
13 here that are involved with international supply
14 chains, one of the key challenges is what we need
15 harmonization and standardization around the world, so
16 it's very important that we try to develop this in a
17 way for that. Okay, John. Just a couple more.

18 [A change of slides.]

19 MR. SCHENK: The requirements for
20 participation that we see at this point would be
21 starting with again, WCO guidelines related to security
22 and then it would be the authorized economic operator
23 program. So again, it would be CTPAT for the U.S. In
24 Canada it would be PIP program.

25 If customs in that country wanted a similar

1 program for self-audits, that's fine. But the third
2 one which is very important is everything must be
3 electronic. There can't be any paper processes
4 involved, and that's probably one of the questions I
5 get from different customs administrations around the
6 world the most is what kind of paper are you talking
7 and the answer is zero. You know, again connecting the
8 dots with the supply chain on that one

9 [A change of slides.]

10 MR. SCHENK: Then the last slide what we tried
11 to do is highlight some of the benefits of the program,
12 broke it into several different buckets. Mutual
13 benefit for both CBP and the trade, provides a balanced
14 focus on security compliance and trade facilitation.

15 It definitely will help reduce bottlenecks and
16 holds at the borders, particularly related to some of
17 the government agencies. It improves compliance and
18 risk to the government because instead of being forced
19 to do these entry summaries within ten days, and many
20 companies aren't ready to do the reconciliation, it is
21 changing by pushing it out to a month, it gives
22 companies the chance to do it right the first time, so
23 it improves compliance and then subsequently post-entry
24 activity.

25 Again, as I mentioned earlier, it is important

1 that the program be open to all size companies.

2 As far as CBP and the other government
3 agencies, one of the challenges that CBP has today is
4 not many companies are jointing CTPAT or the ISA
5 program because there is not a lot of tangible benefits
6 for companies to do so.

7 This would provide true benefits for companies
8 and it would really help CBP because as this was one of
9 the pre-requisites, it would give companies more reason
10 to join for that. So that is one of the big benefits
11 for CBP.

12 It frees up resources to focus on higher risk
13 shipments instead of again, the highly compliant
14 companies. It provides efficiencies for staffing and
15 planning. We know that customs and other government
16 agencies aren't being offered additional staffing to do
17 things, so it is making better use just like we do
18 within our companies.

19 The burden of the work falls on importers to
20 take on greater responsibility, so again we are not
21 asking anything of the government. Companies are
22 willing to take on more responsibility if the tangible
23 benefits are there.

24 It also helps and provides new screening
25 related to other things with IPR and consumer

1 protection. So, for example, I will speak for UPS on
2 this one. We get far more shipments that are held for
3 potential IPR violations than actually are IPR
4 violations, so the good companies are penalized.

5 By having the pre-certification, they will
6 know who the good guys are coming in right front and
7 that will save these unnecessary holds for the
8 legitimate type companies. It doesn't sound sexy, but
9 it has got teeth and it really makes a difference.

10 And then there is always challenges with
11 compliance and management of FTZ's for companies, so
12 since this alternative -- and then for the trade, you
13 know, in addition to the holds being reduced at the
14 border, it gives them a tangible return on investment
15 and reliability for the supply chain.

16 So that's the slides. We were, again, just
17 trying to give you a brief overview. In terms of where
18 we are today, we met with the Secretary General of the
19 World Customs Organization last year, Kunio Mikuriya
20 and he liked the program so much that he got us a
21 workshop at the Madrid Authorized Economic Operator
22 Conference last year.

23 We had a lot of customs administrations show
24 up to that and express interest in that. Right now we
25 have got -- the countries we are working with and

1 trying to develop a pilot in Asia, we have Australia,
2 New Zealand, Singapore, Hong Kong, Japan and Korea are
3 all interested in it.

4 The United Kingdom, Ireland and Germany, we
5 even have some of the smaller countries in Africa
6 believe it or not have approached us saying can we do
7 this? I know it sounds crazy and I get the same
8 reaction, but if you think about it this way, one of
9 the advantages of a lesser developing country is it's a
10 whole lot easier for them to leapfrog if we help them
11 provide the technology and the capacity building to do
12 it. So we are actually in the early stages for doing
13 that.

14 And then as far as other agencies we met with,
15 the FCC here in the U.S. was very supportive. We have
16 got the green light from the FCC. We met with Fish &
17 Wildlife. They were very supportive generally
18 speaking. The challenge from the Fish & Wildlife
19 perspective is CITES, for those of you who don't deal
20 with fish and wildlife, it is a special license permit
21 for certain products versus the non-CITES material on
22 that one.

23 So we are in the final stages. We should have
24 a date for a pilot very, very soon. We are having our
25 last meeting. We have one company that prefers not to

1 be identified yet, but it is a very big company and the
2 reason that we are starting with the high tech company
3 is that the only agency other than customs in the U.S.
4 is FCC and FCC is great to work with.

5 The idea is you have got to start somewhere.
6 Let's get the program off the ground and we will build
7 on the success and then we're going to work our way
8 down the line on the other agencies and that is
9 basically an overview, so I'll open it up for
10 questions.

11 MR. FRIED: If I read that correctly, one of
12 the possible filings is leverages off of the ACAS and
13 I'm thinking does this leverage the ACAS data for
14 purposes -- for trade filing purposes so that only one
15 filing will have to be done ultimately?

16 MR. SCHENK: If I'm hearing your question
17 correct, it would be yes. It would be one filing to
18 get the goods moving and that would be the ACAS filing.
19 I'm sorry, I stand corrected on there. It is two
20 filings.

21 We'd have the ACAS security filing, which is
22 the primary driver. We still have to transmit the
23 manifest for the flight, but that is -- I don't even
24 think of that as a process because it is just so
25 automatic on that one, but one filing for that which is

1 the seven plus one security and that would get the
2 goods moving.

3 MR. FRIED: Yeah, because the reason I
4 mentioned it is at a ACAS meeting yesterday we were
5 talking about combining the filings and CBP didn't seem
6 to be making much progress on the in the future.

7 You know, it has just been a concern, at least
8 in the forwarding industry. I'm not sure about the
9 integrated carrier industry, but, you know, I was just
10 thinking of maybe this is a good, positive step forward
11 to achieve that goal.

12 MR. SCHENK: From an integrator perspective,
13 it probably wouldn't make a difference to us. I mean,
14 even with ACAS, we offered a lot more -- our approach
15 is if we have the data, we are glad to transmit it.

16 It is just a matter of, I mean, it's all in
17 there. So that is really the issue. It is a little
18 bit tougher for the forwarders because you are
19 coordinating a couple other pieces.

20 MR. MCGEE: Norm, I've got a question. Early
21 in the presentation you mentioned that it would be
22 primarily for larger forwarders, and then in the
23 summary you said that it would be open to all
24 forwarders.

25 I guess my question, small, medium and large

1 forwarders, my question to you is I guess what would be
2 the cost of it and the infrastructure needed? So it
3 doesn't, you know, preclude smaller forwarders. I
4 mean, I know just CTPAT we are that, but, you know,
5 that takes a lot of compliance. It takes a lot of work
6 and dedicated people to stay in compliance with that.

7 So that's my question. Has there been any
8 studies done to really assess the cost of
9 implementation? And does it lock out any of the
10 forwarders, small or mediums?

11 MR. SCHENK: Well, the most important answer
12 is nobody is locked out.

13 The program is really primarily driven for
14 companies and then companies engage with the service
15 providers whether it is a forwarder, integrator,
16 consolidator on that.

17 So what we would practically think is that
18 there shouldn't be any additional cost for a service
19 provider as long as the service provider is a
20 participant in the AEO or CTPAT program. If they are
21 not, they would probably need to join in order to meet
22 that qualification.

23 So from a service provider perspective, from
24 the many conversations that we've had and certainly
25 they are looking for any good feedback. This isn't a

1 one, you know, one final thing that says this has to be
2 the exact and certainly within some countries it is
3 going to be, you know, there will be some slight tweaks
4 in variances to that. But in terms of additional cost,
5 we are not saying it at this point for any size.

6 MR. MCGEE: And then would there be --

7 MR. VILLA: Air cargo only, or --

8 MR. SCHENK: Good question. The goal would
9 be that it would be at some point open to all modes of
10 transportation. Like everything else, you've got to
11 start somewhere and the easiest place to start is on
12 the air side with an integrator with a high tech
13 company. That's the easiest place to get going.

14 And actually the question comes up a lot, so,
15 you know, whether it would go to, you know, OSHA next
16 or grounds, but ultimately it would be for all modes.

17 MS. MOND: If I could follow up on the small
18 business point, just something -- the Trusted Trader
19 Programs are considering a tiered approach to risk and
20 that maybe something to integrate into this, maybe down
21 the road where if you are willing to accept a certain
22 level of risk, that you can accept a certain level of
23 benefit for that risk and that would be something that
24 could perhaps incorporate your small to medium sized
25 businesses in the programs so there would be less

1 compliance costs associated with it

2 MR. SCHENK: That's a great point and that's
3 exactly what the thought is, because if somebody was
4 looking at it from a small company perspective, the
5 logical thought would be, boy, small businesses don't
6 have the kind of money to put this together, and that's
7 where the discussion and the service provider, you
8 know, who is going to do some kind of background or
9 business checks would then serve as taking on more
10 responsibility so those small companies -- thank you
11 for bringing that up, that's a good point.

12 MR. FISHER: What are other major importing
13 countries doing? Do they have comparable programs to
14 this?

15 MR. SCHENK: Right now we don't have any that
16 are fully up and running on it. Right now the closest
17 we are is CBP and we are hopeful that within -- Rich
18 Dinucci isn't here, he has been spearheading it. But
19 it has got the visibility -- the support is there.
20 It's the practical side. I hope within the next month
21 we have that.

22 I just got back from an international trip
23 meeting with Director Generals and Commissioners of
24 these customs administrations and we find with programs
25 like this is it is always better to start at the top,

1 get the buy in from the top and then once they say
2 let's go do it, then dominos fall in line a lot better.

3 So I actually met with probably 15 or 16 heads
4 of customs within the last few weeks or earlier and
5 then I'll be doing another trip in about two weeks or
6 three weeks to follow up with more along the
7 operational side.

8 What we are going to do is since it's a GEA
9 thing, and this isn't a UPS program. You know, we
10 happen to be part of putting it together. It is
11 important to us so we will kind of split it up between
12 the other GEA, you know, you can only be -- like you
13 guys who travel all the time, you can only be in so
14 many places at one time, but we kind of pick our
15 priorities based on what our customer's priorities are.

16 I see a hand in the back. Hey, Eric.

17 MR. KULISCH: Yeah.

18 MR. SCHENK: And by the way before Eric asks
19 his question, I have to congratulate and thank Eric.

20 He did an article on the program a few months
21 ago in *American Shippers* magazine and we got tremendous
22 coverage on that and a lot of feedback and it was a
23 very well written article.

24 For those of you who haven't seen it, it
25 explains it on that, so thanks Eric for doing that. So

1 hopefully you're going to ask me not to difficult a
2 question since I just complimented you.

3 [Laughter.]

4 MR. KULISCH: Actually I think it was last
5 August and I actually have a couple of issues, back
6 issues in my bag if anyone wants to refer to it.

7 But I think you may have just answered this,
8 but just to follow up again. I know you have been
9 consulting with CBP, but have you gotten that buy in
10 yet from them?

11 You know, and also second of all, you know,
12 aren't certain agencies maybe for IPR violations or
13 other types of things, don't they kind of need to see
14 or want to see the entry and the, you know, the
15 clearance and the post-entry stuff together so they can
16 analyze the -- and if you split it, doesn't it make it
17 difficult for some agencies to analyze the risk?

18 MR. SCHENK: Okay. Two questions there. The
19 first one on the buy in from CBP, the answer is yes and
20 how we are doing it with CBP is under the Trusted
21 Trader pilots, there was a regulation that went out and
22 a number of companies could apply to be part of that
23 program.

24 And one of the nice things about these pilot
25 programs and regulations are it is a pretty broad

1 brush. You can do just about anything. So that's what
2 we are doing the pilot on now. It may turn out down the
3 road that we might need some kind of follow up
4 regulation to tighten up on things, but to get the
5 pilot off the ground, it is based on that, so we have
6 that buy in.

7 With respect to IPR, the way it would work,
8 Eric, is that instead of a shipment coming in -- okay,
9 let's just say we get a shipment of Nike sneakers that
10 come in tonight and then Customs may or may not select
11 that as a potential IPR violation.

12 The difference would be is that Nike would
13 provide a list of the bonafide manufacturers that are
14 part of their supply chain. We pre-certify and add
15 that through their account and then by us transmitting
16 that they are a trusted trader, it wouldn't get
17 screened. It wouldn't need to be screened. Does that
18 answer your question?

19 So again, it is based on pre-certification to
20 take care of any potential issues up front.

21 MR. GABRIELSON: With those tech companies
22 that you were talking to, have they anecdotally
23 determined what they think they might save in both time
24 and costs?

25 MR. SCHENK: Who is the they you are --

1 MR. GABRIELSON: You said you were going to
2 potentially pilot with a tech company. Have they
3 figured out roughly what they think they might save in
4 time and costs if this is implemented?

5 MR. SCHENK: Okay. The companies that we've
6 had -- and there is a huge list of -- I must get
7 probably four or five emails or calls a week from
8 companies saying hey, we're here and we are interested.

9 I haven't seen any numbers of actually
10 financial savings, but if you look at the reliability
11 of the supply chain which is consistency -- it is the
12 consistency associated, that factor alone, especially
13 when you get companies that are rolling out new
14 products and it needs to be shipped on a certain day
15 but not before that day and it needs to be on the shelf
16 on a certain day and not other than that day to
17 eliminate that risk in between is so important, yeah.

18 I haven't heard really one way or the other,
19 but I'm assuming that so many companies have expressed
20 interest, there has to be a --

21 MR. LONG: A clear value.

22 MR. SCHENK: Yeah.

23 MR. LONG: I had a question for you. In the
24 structures you are describing, is it the sort of thing
25 that lends itself to a phased in implementation? Or is

1 it closer to like a big bang approach? How would it
2 look as you move closer to doing something like that?

3 MR. SCHENK: Clearly phased in. Again, our
4 number one goal is to get off the ground with the pilot
5 for that. We haven't got to the point yet of, because
6 some companies have asked, okay, if it's a high tech to
7 start with, you know, when can we go to health care,
8 retail?

9 I will say that FDA is going to be one of the
10 more challenging organizations to deal with, so we are
11 kind of bypassing that for now to get the thing
12 launched and we have what we are trying to deal with
13 with the FDA on that.

14 So we haven't got to the point yet of
15 identifying what the long-term implementation, but it
16 definitely would have to be staged because customs
17 would need it that way to work it in.

18 MR. MCGEE: Would you consider using a medium
19 and a small company as you do the pilot to see how it
20 impacts large, medium and small?

21 MR. SCHENK: We would certainly be willing to
22 do it. The challenge is that the application for
23 regulation under the Trusted Trader Program is closed.

24 I think there is 11, I don't know, 10 or 11 companies
25 that are in it.

1 CBP really wants to keep it under that list
2 for now. But that's a good point. I will go back to
3 them and see if they'd be willing to -- I don't know if
4 they can add another company to the list or not at this
5 point.

6 Again, I appreciate the opportunity. We
7 really see this as the next generation, you know, of --
8 I say this until I'm blue in the face. People get
9 tired of hearing it and it is a global message.

10 Customs and other government agencies need to
11 get out of the transactional customs process. I is
12 just killing supply chains around the world and moving
13 to this account base, even if you tweak it here or
14 change it however you need it, but the core principle
15 is really what matters, and that's the account-based
16 process.

17 MR. BLASGEN: Is there anyone saying no,
18 Norm? Anybody saying, you know, this is a bad idea or
19 we're not going to, you know --

20 MR. SCHENK: We have not had -- of anybody we
21 have met, nobody has said no, we don't like it or that
22 type of thing.

23 Usually it is a lot of questions like that,
24 you know, how are you going to do it, what about this?
25 In terms of the other government agencies that some may

1 not view facilitation as an important part of their
2 mandate. That's kind of close to a no, but we take it
3 one step at a time and --

4 MR. BLASGEN: That's great.

5 MR. SCHENK: The global response has been
6 terrific. Thank you again.

7 MR. BLASGEN: All right. We are just waiting
8 for our speaker at 1:35, so we thought we'd take a
9 quick 5, 10 minute break here, get our speaker set up
10 and hear from Nathaniel in about 5 or 10 minutes.

11 [Whereupon at 1:35 p.m. the meeting was
12 recessed.]

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1 AFTER RECESS

2 [1:45 p.m.]

3 MR. LONG: All right. Let's reconvene here,
4 please.

5 The next event on our agenda this afternoon is
6 to meet with Nate Loewentheil, Senior Policy Advisor at
7 the White House on the National Economic Council.

8 We invited him to talk with us today about
9 some developments going on and the Administration's
10 thinking on infrastructure.

11 Without further ado, let me turn it over to
12 Nate.

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1 ADMINISTRATION PORT CONGESTION AND PERMITTING

2 INITIAIVES

3 **Nathaniel Loewentheil,**

4 **White House National Economic Council**

5
6 MR. LOEWENTHEIL: Great. Thank you so much,
7 David and Ted for having me here today. Thank you all
8 for being here.

9 It is really a pleasure to get to spend a
10 couple minutes with you guys and to hear about the
11 challenges and opportunities that you all are seeing in
12 the field. I don't get to spend enough time in these
13 kinds of conversations, so I'm really looking forward
14 to the discussion.

15 As David mentioned, I'm Nate Loewentheil, I
16 cover transportation and infrastructure at the National
17 Economic Council at the White House.

18 As you all probably know, the NEC works to
19 sort of coordinate economic policy making across the
20 administration, both when we are proactively promoting
21 legislation but also when we are just trying to think
22 about how to make sure that our agencies are working
23 together in service of the American economy.

24 So in particular over the last year, I cover
25 as a background a wide range of issues. Surface

1 transportation, aviation, rail, water infrastructure
2 for cities and the like, and also some of the ports
3 issues, maritime issues.

4 About a year ago, the Administration, the
5 President launched something called the Build America
6 Investment Initiative and the idea of this effort was
7 to encourage more public/private collaboration in U.S.
8 infrastructure, bring more private financing to the
9 table, generally make sure that the Federal Government
10 was doing everything it could, even without more
11 funding from Congress to make sure that infrastructure
12 was getting built quickly, efficiently and in service
13 of consumers and businesses.

14 So we launched this last summer. We stood up
15 a series of financing centers at different agencies
16 across the government including the Build America
17 Transportation Investment Center at DOT which I'll come
18 back to in a second, as well as a Center at EPA.

19 We have done a bunch of work on
20 infrastructure, design and planning and working with an
21 ongoing effort by the Administration on infrastructure
22 permitting which I know is an issue that you guys may
23 want to discuss further.

24 When we opened up this center at DOT, the
25 Build America Transportation Investment Center, there

1 was a lot of interest from ports in increased
2 investment, how they could work with DOT to explore
3 alternative financing mechanisms. And so we started
4 looking at sort of port capacity, you know, what the
5 Federal Government could be doing to help ports expand
6 their infrastructure.

7 And so through that effort also, and of course
8 some of the challenges that some of the ports around
9 the country have faced over the last year, started
10 thinking a little bit about port congestion and what
11 the Federal Government could do on port congestion.

12 I wouldn't call what we are doing an
13 initiative in the sense that we are not executing
14 anything right now, we are really in just a bit of a
15 listening phase. I'm trying to understand better what
16 are some of the challenges you all are seeing.

17 So I'm really, really here to hear from you
18 all. If helpful, I'm happy to provide more background
19 on the Administration's overall infrastructure agenda
20 in terms of our surface transportation proposal and the
21 like, but really kind of leave it to you guys in terms
22 of what is most useful.

23 MR. BLASGEN: Well, Nate, first off, thanks
24 for coming. I'll start.

25 I know from my perspective when I talk to

1 shippers about what are the challenges that you have,
2 what are some of the most frustrating things that you
3 are dealing with, it always comes up of late, the
4 ports, and there is a real frustration growing out
5 there in terms of a permanent solution.

6 You know, there is a lot of companies
7 represented here that will talk to you in detail about
8 that, but it is, you know, how do we get, and this
9 committee is an advisory committee on supply chain
10 competitiveness from a goal standpoint, so we sort of
11 see ourselves as we are going to tee up some elegant
12 solutions here and maybe some of them will be acted on
13 and maybe not, but it is a real important issue to
14 everyone, manufacturers and retailers alike both in and
15 out with our infrastructure and the ports and what can
16 be done to try to facilitate a more efficient flow of
17 inventory and all the money that sits within that
18 inventory.

19 So anything that you can offer in terms of
20 real life suggestions and tangible things we can do to
21 help that process along, I'm sure these guys will be
22 completely on board with.

23 So I know, Rick, this is near and dear to your
24 heart and we were just at another meeting this morning
25 where we unveiled the cost of logistics and the press

1 was there and almost every other question had something
2 to do with the ports.

3 What can we do about the ports? What do we do
4 about infrastructure in general, but in the ports to
5 begin with. So thanks for your bringing it up.

6 MR. LOEWENTHEIL: Yeah. Well, let me maybe
7 say a word on the Administration's more general
8 approach to freight movement, you know, which ports is
9 sort of a subset. That might be helpful.

10 The President as you know is very, very
11 interested in increasing trade and sees freight as --
12 as a top priority. In our Grow America Act which we
13 released last year which was our six year surface
14 transportation proposal, we put forward a quite
15 significant freight program which would provide
16 competitive grants, \$10 billion, \$18 billion over six
17 years, provide competitive grants for freight
18 investment, encourage states to do better freight
19 planning that incorporates not just the state DOT's and
20 the NPO's, but in fact the freight railroads, the
21 ports, you know, other players who really need to have
22 a seat at the table.

23 So it is sort of an incentive to get states to
24 think more about this and then providing money, you
25 know, on a competitive basis to support freight

1 infrastructure. So it is something we've been thinking
2 about a lot generally. You know, of course we need
3 Congress' help to pass any sort of new funding bill, so
4 limited work that we can do under existing authority.

5 But DOT is also working through, you know, a
6 bit of a strategy and analysis on freight that Congress
7 asked them to do trying to understand what the biggest
8 challenges are. Building on some work over the last
9 couple of years on sort of freight bottlenecks and --
10 and the like which I know you all are deeply familiar
11 with.

12 So that is sort of a general view of the work
13 we're doing on freight. I guess what will be helpful
14 for me is to have a sense from you guys of specifically
15 what are the challenges you are seeing in ports.

16 So we have spoken to a bunch of different
17 ports and different people have slightly different
18 stories. You know, some people talk a lot about labor
19 challenges. You know, other people are talking about
20 chassis and, you know, and having a chassis pool or not
21 having a chassis pool. Other people talk about, you
22 know, obviously the growth in large ships and the
23 pressures that is placing on ports.

24 So it's helpful to understand from you all
25 more specifically what you are seeing, and I think

1 closer is what is the role of the Federal Government in
2 solving that. So you know, I don't think it is the
3 role of the Federal Government to help industry better
4 organize itself. You know, we have enough challenges
5 organizing ourselves frankly and I'm not going to
6 suggest that we can help organize, you know, the
7 freight industry better.

8 So the question is what is the federal role in
9 helping solve some of these, you know, these problems?

10 CHAIRMAN BLASGEN: Please? And maybe
11 introduce yourself for the record.

12 MR. GABRIELSON: Hi. Thanks for coming.
13 Rick Gabrielson. I would say as a shipper, Rick is
14 correct. Those that use the current ports, whether
15 they are east coast or west coast, continue to face a
16 number of different challenges from a congestion
17 standpoint.

18 The ongoing negotiations on the west coast
19 this past year were very elongated, really brought to
20 light the severe infrastructure challenges that we
21 have. It really did.

22 I can tell you as a shipper and I'm not alone,
23 a number of shippers, the challenge is when you've got
24 a lot of cargo coming into a space that was not
25 originally designed, I'm talking specifically LA now,

1 it is the adage of ten pounds of coffee in a five pound
2 can.

3 And with that you find that as that cargo
4 comes in, it is not able to move off. It wasn't able
5 to move off as quick because the infrastructure wasn't
6 developed to allow easy access in and out. It was
7 designed for a much different time.

8 And so with that, you found cargo that got
9 buried, got put into areas where you couldn't access
10 it, drivers, and I'm talking industry now, not just us.
11 Drivers that would go in for specific containers would
12 spend hours in line waiting to get that container only
13 to find out that it was buried. You couldn't get it.
14 It's in a closed off area from a safety standpoint,
15 only to be turned away and have to come back another
16 day again.

17 All of that inconsistency adds significant
18 time to the supply chain. And when that happens, that
19 adds inventory and it adds costs, whether you are an
20 importer or an exporter, it doesn't matter, the issues
21 are the same.

22 What is important to keep in mind is that the
23 solutions that you come up with are different by port.
24 The solutions that you may put into an LA or Long Beach
25 may not necessarily be applicable in another gateway.

1 So every situation is unique and the issues are broad.
2 There is not just one issue.

3 But if you are looking at infrastructure, you
4 know, part of what we need to take a look at is how can
5 the government make it easier for ports and state
6 agencies and shippers to talk, you know, so there are
7 some rules that need to be relaxed, in order for them
8 to be able to engage and talk with one another.

9 There is an opportunity to go through and take
10 a look at projects from a timeliness standpoint. Some
11 of the projects that get identified take significant
12 amount of time to get done. Decades in some cases.

13 There are specific projects in the LA area
14 that have been a focus almost as long as I was in that
15 side of the business, which is many, many years, and we
16 have to find a way to speed those up.

17 Making sure that the processes are covered,
18 but how do we shorten that process? If you look at
19 when those projects were first identified, and if they
20 are not done today, take a look at the costs and the
21 impact over time, because they have been elongated for
22 a long period of time.

23 We have to find ways of getting through that
24 quicker. Gate accesses in and out, so that's freeway
25 access. Sometimes I refer to them as last mile

1 connectors, have to be developed. We can't look at just
2 developing a port and say everything is great. You
3 have got to take a look at the accesses in and out all
4 the way through those different areas.

5 The ability for groups to sit and talk about
6 things like chassis and move those forward. Sometimes
7 there is a role maybe not necessarily a regulation, but
8 in just helping to facilitate conversations between the
9 different stakeholders as a way to bring the parties
10 together to move the ball forward.

11 Some of the issues have been out there for a
12 long, long time and we seem to be talking about the
13 same issues over and over again without a lot of
14 resolution. So that means that the same
15 recommendations aren't working, we have got to try a
16 different approach because it's not working.

17 MR. LOEWENTHEIL: So I heard four sort of
18 major topics there and we can sort of go through them
19 one by one.

20 One is the infrastructure capacity at the
21 ports, how do they expand to meet, you know, growing
22 ship volume and, you know, increasing movement of
23 goods.

24 Two is some coordination problems between
25 shippers, ports, maybe state agencies and the like, and

1 there may be some legal barriers to coordination there.

2 Third is the permitting question, the timing,
3 you know, projects getting delayed, and then fourth is
4 the last mile connectors, how you get sort of that, you
5 know, from the freeway to the port or whatever.

6 So you know, we can dive into each one of
7 those. I mean, on the first one, the infrastructure
8 capacity at ports, I mean, to what extent is that just
9 a kind of natural thing? It just takes awhile for
10 ports to expand capacity.

11 I mean, they are often in sort of limited
12 physical geographic areas. It takes awhile to build
13 big projects. I mean, is there a lack of financing?
14 Is there a specific problem there other than sort of
15 natural growing pains as the ports try to expand to
16 meet economic growth?

17 MR WISE: I will take that one. This ties
18 back into permitting. So it is not just container
19 ports. We have --

20 MR. LONG: Can you identify yourself, please?

21 MR. BLASGEN: Use the mic.

22 MR WISE: [Inaudible] Safarelli [phonetic] We
23 have sort of the poster child of the permitting delay
24 not at the port, but a near dock facility just a few
25 miles from the port which is now -- it has created what

1 would be the most green rail to truck transfer facility
2 ever built. It is going to have a little garden around
3 it, it has got burms, it has got LNG tractors, all the
4 mitigation pieces have been added and added and added.

5 It is 10 years in the making.

6 If we had it today, it could have been a
7 solution to some of the congestion problems. In the
8 meantime, we dray a million -- I think it is a million
9 units a year up from the ports 30 miles into the
10 facilities where we load now in downtown LA.

11 So we would eliminate that dray, build a very
12 green facility. It has been held up for ten years. All
13 we have to show for it is about \$50 million in
14 consulting and legal fees and about 20 lawsuits.

15 We think we may be two years away, but why
16 didn't that happen? That is one big example for
17 container ports that might have been a solution to the
18 congestion in LA.

19 MR. LOEWENTHEIL: This is a facility in LA?

20 MR WISE: In Long Beach, yeah. Adjacent to
21 the port.

22 MR. LOEWENTHEIL: Yeah. And what is the
23 permitting issue? Do you know the --

24 MR WISE: It is basically the -- it is
25 whatever the community can come up with to delay the

1 process.

2 MR. LOEWENTHEIL: Federal permitting.

3 MR. WISE: It is anti-growth. It is all --
4 every possible permitting challenge.

5 In addition to container facilities, we see
6 just a hard stop on any facilities for bulk on the west
7 coast that have any relation to fossil fuel. So major
8 facility between two oil refineries in Washington State
9 called Cherry Point was to be built for coal export.
10 It is literally dead in the water five years later.

11 Again, anti-growth, using every way to pull
12 the rip cord to stop the permitting process, delay the
13 permitting process, delay, delay, delay, anti-growth.

14 MR. LOEWENTHEIL: And this is typically
15 communities around the specific sites using --

16 MR WISE: Community, government.

17 MR. LOEWENTHEIL: -- state and federal
18 statutes --

19 MR WISE: Governors, communities, et cetera.

20 And these are -- we think these are facilities in the
21 national interest, they are very important for exports.

22 We could go into the crude by rail facilities
23 which are being delayed. In Vancouver, Washington, a
24 major facility, Tesoro and Savage, are trying to build
25 full support of the port, but the process in the state

1 of Washington is delaying, delaying, delaying.

2 So virtually any bulk facility is facing these
3 kinds of delays, and what people don't realize is this
4 ties into the funding gap.

5 We all are very frustrated that the Grow
6 America Act isn't already here, right? We are very
7 frustrated that we don't see more than three month
8 funding of highway build. But frankly if you could
9 reduce the permitting uncertainty, the private funds
10 that would flow into infrastructure investment are
11 massive.

12 So the permitting delay is really hurting the
13 funding process. Who would go in knowingly ten years
14 ago and say I think I will plan a project that may or
15 may not get built in 12 years? That's where we are as
16 a company and that's true across all construction
17 projects, many, many construction projects, not just
18 port related. But it really hits us between the eyes
19 in the supply chain logistics area because we know how
20 important ports are to the competitiveness of the
21 country.

22 And I think one thing I would like to hear is
23 in the White House effort to kind of focus in on major
24 projects, expedite and so forth which was a very
25 important memo from President Obama two years ago

1 result in an implementation plan last year, but it
2 seems to have lost some momentum.

3 That project list doesn't seem like it is
4 really moving. It was an expedited list. How do you
5 go from expediting to making it common practice?

6 I think you are in the middle of that and I'd
7 like to hear about that part as well. But I didn't want
8 to get too far off the ports.

9 MR. GABRIELSON: Yeah. Shippers are looking
10 for predictability and consistency, and when it is not
11 there, they are very quiet about it, but they get up
12 and they will move to where they feel they can get it,
13 and with that it may even cost them more money, but
14 consistency and predictability in their supply chains
15 is vital, and even at a cost.

16 So as you talk about infrastructure and the
17 projects that need to be done, there are probably more
18 projects that need to be done and completed than there
19 is money for.

20 And there is another piece, and that is the
21 ability to go through and prioritize those projects
22 from a national interest standpoint. You are moving
23 cargo from the middle of the country, could be an
24 export basis, and you've got to take a look at with the
25 money and the resources that are available, where is

1 the biggest bang for the buck?

2 And there is a role for someone, I'm not sure
3 who that is, there is a role for someone to be able to
4 go through and make the hard decision. It is the hard
5 choice that says with the monies that we have
6 available, this is where the biggest need is.

7 Now that doesn't make everybody happy, but
8 that needs to be done.

9 MR. LOEWENTHEIL: Just to respond
10 specifically to that, I think it is a good point. I
11 mean, obviously the politics of choosing which ports,
12 for example, to favor with federal investments is a
13 complicated piece of business.

14 But as an interesting model, Australia, they
15 have a federal office that basically prioritizes
16 infrastructure projects or puts out a rating on
17 proposed projects as basically a guide for national
18 investments and it has been a big success.

19 So, you know, that obviously would take an act
20 of Congress, but just last week, Treasury released a
21 request for proposal for a report to basically identify
22 the 50 most important economic priority infrastructure
23 projects in the country, which is our way of saying
24 let's start a conversation about how we do start to
25 prioritize, you know, TIGER does a good job of this

1 right, where we're saying look, there is actually some
2 objective truth as to which projects are more
3 important, let's start prioritizing. But I think it is
4 a process to get there.

5 MR WISE: I think the underlying process is
6 the more important piece. TIGER is okay. The amount
7 of resources that all of us put into TIGER, it is
8 basically \$14 billion of applications chasing \$500
9 million.

10 It's like it's harder to get into Harvard,
11 right? And a lot of the little agencies, including
12 states, don't have the resources to put these packages
13 together and the DOT doesn't have the funds to really
14 fund it.

15 So if we could open up the underlying
16 processes so it is not about necessarily so dependent
17 on federal funding, the capital funding, the private
18 sector funding is there.

19 Talk to any teacher's fund, any of the major,
20 major investment funds that are looking for
21 infrastructure investment projects, but they need the
22 certainty of -- which we've created uncertainty through
23 the permitting effort.

24 MR. LOEWENTHEIL: So just to push back a
25 little bit, Dean, I mean, I think freight railroads are

1 in a slightly different positions than a lot of other
2 parts of the infrastructure sector in that, you know,
3 BNSF obviously has been doing historic levels of
4 investment which is amazing. I mean, you guys are
5 pouring a lot of money in and really building up your
6 infrastructure which is to be applauded from our
7 perspective, but, you know, not everyone is able to
8 fund directly those kinds of capital investments.

9 And, you know, we have spent a lot of time
10 thinking about how to bring more private investment to
11 U.S. infrastructure when we have had large segments of
12 the policy officials in DOT, Treasury, a bunch of
13 agencies for the last year thinking about this and, you
14 know, we recognize we don't have all the expertise, so
15 we've had 20 conferences and we've had a lot of
16 conversations with folks and I think we're making some
17 progress, but you know, it is challenging because
18 pension funds are looking for much higher rates of
19 return than you can get on municipal bond markets,
20 right?

21 So people are able to issue debt at much lower
22 costs and they often do so for projects. So I don't
23 think it is sort of a flip a switch and, you know, tens
24 of billions of dollars in pension funds come, you know,
25 running to infrastructure projects. It is a bit more

1 of a process.

2 MR. FISHER: I would just tell you I would
3 echo --

4 MR. LOEWENTHEIL: I'm sorry, I can't quite
5 hear you.

6 MR. FISHER: I would echo Dean's -- I am with
7 CenterPoint Properties. We have invested in major
8 infrastructure projects and the permitting uncertainty
9 is a significant -- yeah, you can issue municipal
10 bonds, but usually equity has got to go in first to
11 stabilize the project.

12 And if you are a private investor, you're not
13 going to park tens of millions of dollars in a property
14 or a development project unless you know you're going
15 to get to the finish line.

16 The other point is I laud your effort to bring
17 in private capital because where private capital wants
18 to go, business will follow, because basically you are
19 looking for a return on investment. So in a way, you
20 would take care of this prioritization issue because if
21 you took away the permitting and these other, I'd say
22 local interference, capital will move into the areas
23 where business wants to go, because --

24 MR. LOEWENTHEIL: Let the market sort of
25 decide.

1 MR. FISHER: Yeah, and the market will decide.
2 But if you've got this front ended uncertainty and
3 permitting issue -- I would say another thing, inland
4 ports are as important as port ports, and we have dealt
5 with situations where very, very small towns can impact
6 a very significant project.

7 So some level of federal preemption or federal
8 incentives to get towns out of the way, I mean small
9 towns. We're not talking about Los Angeles, we are
10 talking about tiny towns with populations of 700
11 people.

12 MR. LOEWENTHEIL: This is like on the
13 Mississippi or Ohio River.

14 MR. FISHER: No. In and around Chicago
15 somewhere. We are talking about major freight transfer
16 BNSF and UP.

17 MR. LOEWENTHEIL: I'm sorry. Where are you
18 coming from?

19 MR. FISHER: Pardon me?

20 MR. LOEWENTHEIL: I couldn't see your name.

21 MR. FISHER: Paul Fisher, CenterPoint
22 Properties.

23 MR. LOEWENTHEIL: Oh, okay, okay. Thank you.

24 MR. HUSON: If I can jump in, Nate. Bill
25 Hanson, Great Lakes Dredge and Dock Company. We are a

1 125 year old company based out of Chicago, neighbor of
2 Rick's there in Lombard, we are in Oakbrook.

3 We are actually the largest dredging company
4 in the United States and you want specifics, so I
5 thought I would go to the dredging piece as well.

6 First off I want to say again thanks for being
7 here. The discussion on ports is very helpful to us.
8 It wouldn't have happened five or six years ago.
9 Something I think the President can be proud of, he has
10 mentioned ports in his state of the Union twice now.
11 We are going for three next year hopefully.

12 We have had Vice President Biden on our
13 dredges in the Delaware River, our project is in Miami
14 and hopefully again in Savannah when we start that this
15 fall.

16 The issue becomes the pent-up dredging demand
17 in the U.S. and the lack of federal funding for
18 projects, particularly -- managed trust fund. Tax gets
19 collected to pay for maintenance dredging and goes for
20 many other things, you may or may not be familiar with
21 it.

22 But we've been working on that and we're
23 getting better at it. But between that, the Honor
24 Program which the Corps of Engineers nailed it. They
25 spent every nickel they had within the 18 months,

1 should have been a great story, but it really showed
2 the pent up maintenance dredging demand.

3 We Can't Wait Program is also something for
4 ports that may not get 100 percent kudos from
5 everybody, but in terms of moving the ball forward, we
6 have seen it. We have seen projects get authorized.
7 Maybe 20 years is too much. Sometimes, you know, ten
8 years or five years is not such a bad comparison, but
9 we have also seen Governors weigh in on their ports and
10 help with funding ports around the country.

11 And to get to the P3 argument, the public --
12 the private money, we see that as well. The word of
13 the bill had an allowance for the corp to look at P3's
14 as an option for alternative financing. We are a
15 publicly traded company, our guys are constantly
16 telling us private money is available, how are you
17 going to make it work? And the regulatory piece is
18 huge, you know, particularly on water projects with all
19 the other agencies involved with it.

20 So I think part of it is the bully pulpit that
21 the Administration has to move the ball forward is very
22 helpful to us, speaking about ports, speaking about
23 water, just speaking about infrastructure. That wasn't
24 even happening last campaign.

25 And I have heard it said that one of the

1 reasons infrastructure isn't a campaign issue is
2 because it is bipartisan. Everybody agrees it needs to
3 be done, but nobody knows how to fix it.

4 MR. LOEWENTHEIL: Yeah.

5 MR. HANSON: So if you started the
6 conversation, let's keep it moving and don't let it
7 die. This supply chain committee has been very helpful
8 for that discussion.

9 MR. LOEWENTHEIL: Yeah. Well, I should have
10 started off by saying, you know, I hope you all know
11 this. I mean, the President just really genuinely
12 cares deeply about infrastructure. He just thinks it
13 is one of the basic foundations of competitiveness and
14 I think you've seen that.

15 You know, I don't think any President since
16 probably Eisenhower has spoken as much about the
17 interstate highway system and ports and all of that
18 stuff. I mean, it has just been a really, really
19 consistent priority and we have been pushing Congress,
20 you know, as hard as we are able to get to a long-term
21 funding bill and to make the kinds of investments we
22 need and, you know, that's just a heavy lift as you
23 know.

24 But I heard you talk a little bit about sort
25 of P3 structures that you could -- or models on Army

1 Corps projects and how you could try to work that out.

2 That's a complicated policy matter. I think
3 it is something we are definitely trying to explore a
4 little bit internally, but, you know, I have to make
5 sure that the government's equities are protected so
6 that, you know, but I appreciate you flagging that.

7 On the permitting issue, going back to Dean's
8 comments, I think it is fair to say that the Dashboard
9 was a success, that we really did make progress with
10 that and that the OMB implementation plan that came
11 out, and this is off the record, but I would say, you
12 know, the 100 point plan has not been fully executed
13 yet to say the least I would say, and so, you know,
14 that is a priority for us and we are thinking about how
15 to make sure that we consolidate some of the gains and
16 implement some of the best practices we have learned.

17 So I'm optimistic we'll be making some
18 progress in the months ahead. But it's a good flag.
19 Please?

20 MR. COOPER: Hi, I'm Jim Cooper. I'm with the
21 American Fuel and Petrochemical Manufacturers. I've
22 got nothing unique to say here. I mean, and I'll
23 explain why.

24 Basically we were part of a group that over
25 the past two years have gone around the country talking

1 about issues, and what has been amazing is my
2 participation with this group in particular over the
3 past two years we are talking about the same things.

4 Everywhere we went, no matter what the
5 location, no matter what the transport mode, no matter
6 what the manufacturing sector, everybody kept talking
7 about permits and workforce development. So those were
8 two recurring things everywhere we went.

9 Our industry alone, we have got over \$100
10 billion in planned investment that has been publicly
11 announced. The whole key factor in all of this,
12 especially building upstream projects that develop
13 these building block materials that are used throughout
14 manufacturing, permitting becomes the critical issue.

15 And now people are talking about investing in
16 parts of the country where they never previously
17 thought about that and it is primarily due to shale
18 development.

19 And so a lot of people are thinking oh,
20 American Fuel and Petrochemicals, you are just worried
21 about gasoline. No, we are really care about the
22 manufacturing supply chain because we are sitting on
23 probably the greatest potential that we ever sat on
24 since probably iron was brought out of the Great Lakes.

25 And so to do that, we have to have

1 infrastructure in place. Not just ports. We love
2 ports, we want to export things. Obviously we want to
3 export ultimately value added products, but to do that,
4 we have to have this whole supply chain moving in
5 conjunction.

6 If we don't get this one right, we are, you
7 know, this is probably it is the way I'm looking at it,
8 or at least before I retire. But if we do get it
9 right, I think we have a significant opportunity for
10 downstream manufacturing to take a fresh look at this
11 country and say not only can we build it, but we can
12 move it, and that's what is important. Thanks.

13 MR. LOEWENTHEIL: That's helpful. I would
14 say on the going back to one of the earlier comments,
15 the last mile connector's piece, I mean to me that is
16 one of the areas where you really need public
17 investment and you know, it is sort of -- it is
18 necessary but not sufficient, but definitely necessary
19 for really improving the freight system as a whole is
20 nailing that last mile connector piece.

21 And I think that is an area where Congress is
22 increasingly receptive to the idea that we need a
23 federal freight program that really targets these
24 critical places, because when you look at the data, I
25 mean, there is like 10 or 20 or 30 places in the

1 country where the impacts of these last mile problems
2 are basically spreading throughout the supply chain,
3 and so I think that's a really great point to be, you
4 know, educating people about it, educating elective
5 leaders about is the importance of the last mile and
6 how our federal role could play there to really improve
7 the situation, because I think as you watch the
8 upcoming debate on service transportation, it will be a
9 little bit of space to think about, you know, what one
10 new program might look like.

11 MR. LONG: Excuse me. There will be a
12 discussion tomorrow with representatives from DOT and
13 others on that issue as well.

14 MR. VILLA: Hi, I'm Juan Carlos Villa with
15 the Texas A&M Transportation Institute.

16 Following the ideas of the ports, in most of
17 the stories we have performed, the land ports of entry
18 also play a major role and it can take from 10 to 15
19 years to build a new POE.

20 So I think that is a role for the federal
21 government to coordinate the different agencies that
22 interact there. You know, GSA is the one, you know,
23 who is supposed to build the port and CBP operates the
24 port, but there is no coordination among them, and
25 again, the private sector is willing to put some money

1 in order to operate that port as well.

2 There was a change in the law that allows CBP
3 to receive funding, but still for the operation, not
4 for the construction itself. So I think this is a
5 topic that, you know, you should also -- can take a
6 look. Again, it's coordination among federal agencies,
7 not with the private sector.

8 MR. LOEWENTHEIL: Yeah. But when you look at
9 the investment levels from GSA, I mean, it's like \$150
10 million a year for all land ports of entry which is a
11 huge percentage of our trade.

12 So I agree with you, that's a huge area where
13 there should be more attention. I will take that back
14 to my team.

15 MR. STEENHOEK: Good afternoon. I'm Mike
16 Steenhoek with the Soy Transportation Coalition. I
17 represent soy bean farmers.

18 Back to the topic of the west coast disruption
19 earlier this year. I and other stakeholders, other
20 organizations, you know, we applauded the
21 administration when Secretary Perez got actively
22 engaged in the discussion and ultimately issued kind of
23 the ultimatum that this either needs to get resolved
24 here on the west coast or we are going to move the
25 discussion to Washington, DC and that really seemed to

1 expedite the discussion and we applaud the
2 Administration for that.

3 You can probably make the argument, one can
4 probably make the argument that one of the reasons why
5 the discussions were put more on a fast track was
6 because we had gone through a protracted period of
7 discomfort and pain across many industries, and so
8 people were more willing to negotiate with greater
9 urgency.

10 But I guess the comment that I have is while
11 we were very appreciative that the Administration did
12 ultimately get engaged, the question that I have is
13 what was the line in the sand, or could the line in the
14 sand be drawn further out, so that instead of what we
15 witnessed last year where there was severe pain and
16 discomfort throughout the economy, and at that point we
17 saw greater engagement with the Administration, is it
18 possible to move that line in the sand out further so
19 that maybe warning clouds serve as the trigger or
20 moderate degree of pain serves as the trigger instead
21 of an extreme amount of pain serves as the trigger.

22 And I know this is a subjective line to draw
23 and if someone attempts to do it, it will be an
24 imperfect line in the sand, but I would just encourage
25 that that line of thinking, because for those of us who

1 are in the export business, we just see -- and those
2 who export off the west coast, off the east coast, off
3 the gulf, we just kind of see it is only a matter of
4 years until we go through this same situation again and
5 that cannot be our way of doing business.

6 I always try to remember, you know, the best
7 bit of economic development advice I ever received was
8 first protect what you have, second, grow what you
9 have, and then three, then try to acquire what you
10 don't have.

11 When you have a system of ports that doesn't
12 work in concert with this industry, with our economy,
13 it opens the door for other countries to step in and it
14 impedes our ability to protect what we have. And there
15 are consequences of that and they remain. Thank you.

16 MR. LOEWENTHEIL: We hear your concerns on
17 that. I mean, I think, you know, the Administration
18 thinks it is important that unions, you know, they have
19 a right to try to tackle these problems on their own
20 and to negotiate.

21 And I think we are conscious of the fact that
22 the Federal Government should not -- it is not
23 appropriate to step in early in a process. I hear you
24 that exactly when early ends and catastrophe begins
25 there is a lot of space and that's important to be

1 thoughtful about that, but, you know, from our
2 perspective we were monitoring the situation pretty
3 closely and we are glad it was resolved and, you know,
4 ultimately harmonious -- you know, relatively
5 harmonious fashion. But I appreciate the comment.

6 So I mean, one topic to go back to, maybe
7 before I wrap, is this idea of -- going back to Rick's
8 very helpful opening framework. You know, the second
9 point about the coordination issues.

10 This is something that we have had raised a
11 lot to us, that somehow the Federal Government could
12 help to bring some stakeholders together to resolve
13 some of the, you know, congestion issues, maybe at
14 specific ports or nationally.

15 I know that New York, for example, has done a
16 great job of pulling together this sort of committee of
17 different stakeholders to try to figure out how to
18 solve the local problems and LA is doing something
19 similar.

20 But I'm interested in your thoughts if there
21 is a useful role there. I mean, these kinds of
22 conversations are extremely helpful. Do you think
23 there is a -- can you be a little more specific on
24 whether some convening process could be helpful?

25 MR. KUNZ: Hi. My name is Ricky Kunz, I'm

1 with the Port of Houston Authority.

2 Yes, I think definitely that can be a great
3 help. I will give you an example of what we already
4 do. We have a group called ACES which is the Advisory
5 Council of Executive Shippers. It has companies such
6 as the Container Store, Home Depot, WalMart, Exxon
7 Mobile, Chevron Phillips, et cetera, et cetera, and we
8 bring them together trying to once a quarter just to
9 discuss best case or best practices for our port in
10 order to move the cargos in and out more efficiently.

11 So to have our government, Federal Government
12 bring together a group like that to discuss that on a
13 nationwide basis I think would be of immense help to
14 everyone.

15 There are a couple of other things I would
16 like to point out. I want to tell you a very short
17 story.

18 About 1985 the Port of Houston Authority, we
19 are a non-federal sponsor for maintaining the
20 authorized depth and width of the channel, Houston Ship
21 Channel, which I might point out is the largest foreign
22 tonnage port in the United States if you're not aware
23 of that.

24 It is to serve cargos for the consumers, not
25 to mention the largest petrochemical complex in the

1 United States, second in the world only to Rotterdam.
2 But it is of dire need in order to keep that channel
3 open to take care of the consumers in the United
4 States.

5 It took more than 20 years to take that
6 channel down to 45 feet, 13.7 meters. It took us from
7 2005 until about 30 to 60 days from now in order to
8 dredge two very short channels which is actually Corps
9 of Engineers' responsibility. We couldn't wait 15
10 years for that to happen, we had to pay for it
11 ourselves. So we are spending \$150 million.

12 You know what? We had to do that in order to
13 take care of the consumers in middle America.

14 So my point of telling you that story is we
15 need to make this process a little more simple. Much
16 more simple than what it is.

17 MR. LOEWENTHEIL: A lot more what? I'm
18 sorry.

19 MR. KUNZ: Simple.

20 MR. LOEWENTHEIL: Simple.

21 MR. KUNZ: In order to expedite and move
22 forward.

23 The last thing I would like to say is just to
24 reiterate something Mr. Gabrielson said, is every port
25 has a little bit of a unique working, or way of doing

1 their job.

2 You take someone on the west coast, they are
3 landlord ports like LA, Long Beach, they have other
4 operators. When you come to Houston, we are the
5 operator, all right? So it's a little bit different
6 when you come into our neck of the woods.

7 MR. GABRIELSON: Let me tag onto that.
8 Because of that, I think there is an opportunity from
9 an engagement standpoint to do a couple things.

10 One is to understand the nuances that you see
11 by region so we don't come in with a one size fits all
12 approach because it won't work. So there is a level of
13 understanding and education that takes place with it.

14 There is an opportunity to go through and I
15 think expedite the ability to have the FMC relax either
16 the rules or grant permission for the different
17 authorities to get together, to be able to bring in the
18 state, bring in whether it be landlord or other
19 authorities and then bring the various stakeholders so
20 they really -- one getting under the table and then
21 begin to really understand what are the unique
22 challenges that are within that specific region and
23 then what is the role for each of those stakeholders,
24 including the government if there is one at that point.

25 So you begin to put together a more definitive

1 action plan that begins to address the issues that are
2 within that region, looking farther back into the
3 connectors, you know, whether it be the Midwest or
4 other parts of the country or from an export standpoint
5 as well, because it has got to go both ways. Okay.

6 MS. MOND: So Rebecca Mond with the Toy
7 Industry Association. A couple of quick points.

8 One being that when bringing folks together,
9 one of the key points that we have seen has been so far
10 effective with LA, Long Beach, is that it is important
11 that all of the stakeholders are included. So we don't
12 want anybody developing solutions in a vacuum because
13 in the supply chain, one solution impacts the next
14 person impacts the next person.

15 So having the shippers at the table is
16 important as well as having the vessel operator, so we
17 saw the vessels. They thought that it was a solution
18 to the increased trade and to reducing cost was the
19 20,000 container ships, but that clearly wasn't working
20 for the ports or isn't working for the ports.

21 The other thing that you mentioned in the
22 beginning is that you guys are in the listening phase
23 right now and I certainly appreciate that. Right now
24 there is a lot of folks who are really interested in
25 seeing a solution and there is a lot of people who are

1 much more interested in this issue than have ever been
2 and I think that might be one of the only good things
3 that has come out of this west coast port congestion is
4 that a lot more folks are engaged, and so it would seem
5 that this would be a great time to be able to propose
6 something, even port congestion, improving port
7 efficiency, that is a bipartisan agreement and it
8 shouldn't be a partisan issue.

9 Unfortunately we are seeing a lot of partisan
10 politics in some of the bills that have been proposed,
11 and so being able to weigh in on potential solutions
12 that would be bipartisan agreed on right now would
13 certainly be of help.

14 MR. FISHER: One of the great ideas out there
15 was the infrastructure bank. Why did that die?

16 MR. LOEWENTHEIL: I think you'd have to ask
17 Republicans in Congress on that one. I think the
18 President has proposed it in every single one of his
19 budgets. It has been an idea that we have talked about
20 literally for years.

21 I think you saw some bipartisan movement at
22 moments, there were a couple of different proposals on
23 the Hill for an infrastructure financing authority,
24 calling it a few different names, but, you know,
25 Republicans just were not in support of creating a new

1 government institution or funding it, and so it just
2 has been lying sort of dormant.

3 MR. FISHER: Thanks.

4 MR. LOEWENTHEIL: Great. Well, if there
5 aren't any other comments, I just want to say I really
6 do appreciate all of your time. I have a lot of notes.

7 If anyone has final thoughts, I'm very open to
8 them. Otherwise I look forward to continuing the
9 conversation.

10 MR. BLASGEN: Nate, thanks so much for
11 addressing us. I appreciate it.

12 [Applause.]

13 [Pause]

14 MR. LONG: Looking ahead, does everyone have
15 the agenda for tomorrow handy? Did you receive that?
16 Okay. Yeah. We revised it and sent a new one out
17 yesterday.

18 Basically let me just mention a couple things
19 about that. Small changes, nothing drastic here.

20 For today, for example, we had planned to
21 schedule Tiffany Melvin to give a quick update on some
22 of the things going on with information issues inside
23 the Data and Information Subcommittee.

24 We are going to move that to tomorrow. We are
25 going to insert that close to the coffee break. There

1 was not time add it to the new agenda, so that
2 particular block that we're looking at for right now is
3 going to be postponed.

4 MR. BLASGEN: Is Tiffany able to call in for
5 that tomorrow?

6 MR. LONG: Yes. She will call in. It will be
7 the same thing as before. I expect it will be a very
8 brief report on the order of 10 or 15 minutes.

9 The big change for tomorrow, we had originally
10 been looking to have a senior government representative
11 at 1:00. Instead we were able to get the Deputy
12 Secretary of Commerce to come talk to us at 11:00.

13 He will be talking a lot about some of the
14 priorities for supply chain and I expect some of the
15 congestion issues that we have already touched upon.

16 This is remarkable because what is going on in
17 the government right now is we have the two days of
18 meetings today and tomorrow with the government of
19 China over the strategic and economic dialogue. So he
20 was willing to make himself available to come talk with
21 you tomorrow about that, so that will be a good thing.

22 That required some other adjustments to the
23 program. We have rearranged the Finance and
24 Infrastructure Development Committee report, something
25 brief from Mike to talk about some of the chances to go

1 into some detail on specific financing issues.

2 We moved that to 11:30. I think that will be
3 able to build off some of the material that is coming
4 out of the work from the Freight Movement Group.

5 The other change with that, we are going to
6 steal some of Sean's time tomorrow for the Trade and
7 Competitiveness Group, because I think given that they
8 have just issued a recommendation this may be more time
9 than necessary.

10 I mean, the recommendation was fine and it's
11 gone, so we will kidnap some of that time for Tiffany
12 to talk about that.

13 So otherwise, except for those couple of
14 changes, the program is going to look much like it does
15 now. So I think it might be good to just take a quick
16 spin through what we plan to do tomorrow and then break
17 a couple of minutes early.

18 MR. BLASGEN: Yeah, that would be great. One
19 of the things that it would be good to know is if there
20 is any recommendations that we think we will be voting
21 on tomorrow.

22 I'm not sure if there is anything that far
23 along, but if the subcommittees would also talk about
24 when they do think that there will be recommendations
25 that we'll be teeing up possibly at our next meeting.

1 I know we will spend a lot of time, Rick, on
2 the Freight Movement Committee, but I'm not sure that
3 there is anything that will be voted on tomorrow. Am I
4 wrong in that regard?

5 MR. LONG: I think we're good.

6 MR. BLASGEN: I think we are good to go,
7 right? So no, it will be great to hear. Is Ann going
8 to be here tomorrow, David?

9 MR. LONG: Yes.

10 MR. BLASGEN: So --

11 MR. LONG: So we'll have a full discussion.
12 We will have a full discussion tomorrow of workforce
13 development issues. We have a guest speaker from the
14 Department of Labor.

15 This is the person that the group wanted to
16 hear from the last meeting. They will provide an expert
17 picture of what is going on in financing, different
18 programs for that, and then we blocked out time for the
19 group to talk about some of the issues that are
20 important to the committee.

21 MR. BLASGEN: One of the things that we want
22 to talk about too before we leave tomorrow, our
23 schedule, at least time frames, general time frames
24 that you had kicked out for next year's meetings.

25 So think about that. That was in one of

1 David's notes, so we do need to select some days and it
2 would be good to get the collective view of the group.
3 Does this model still work where we come in from noon
4 to three on the first day, have time for subcommittee
5 meetings and then meet the following day from 9 until
6 2? Is that a model we want to continue for future
7 meetings? We will talk about that a little bit later
8 tomorrow afternoon.

9 MR. LONG: And then lastly, are there other
10 things we ought to add to the agenda for tomorrow? I
11 think we're in good shape for tomorrow.

12 Any other points or ideas we'd like to have
13 built -- oh, I know, I forgot to mention one other
14 thing. Excuse me.

15 The other thing, I don't know if I mentioned
16 this earlier, but our agency together with all of the
17 other agencies that touch anything in government engage
18 in a thing called the Committee on Marine
19 Transportation Systems.

20 In some areas the group has been extremely
21 active in things that pertain to what we're doing here
22 and they have been doing a lot of work lately on the
23 whole question of funding infrastructure for ports and
24 related maritime systems.

25 So the way it is working out this year,

1 someone I think you may have met from previous ACSCC
2 meetings, our Assistant Secretary Holly Bamford, an
3 outstanding individual, is going to be heading up the
4 CMTS for the next year.

5 We have invited two of her staff members, Glen
6 Boledovich and also Bill Hanson is going to pitch in to
7 help with this a bit to talk about some of the ways in
8 which that committee can request our guidance on
9 specific port related issues.

10 I think that's a, you know, just like having
11 the NEC talking to us about ways we can help, having
12 CMTS come to us for advice speaks volumes for the
13 quality of what you're doing. So we will fit that in
14 also in the afternoon around the coffee break. So that
15 will be another 10 minutes there.

16 So that's all I have for now.

17 MR. BLASGEN: And then the other handouts that
18 we had was the subcommittee, ad hoc committee we put
19 together on permit speed and reforming that. I think
20 that has not changed since we sent it out, and then
21 Rick's advisory committee on Freight Policy and
22 Movement.

23 This is pretty much the same, too, so our
24 homework tonight is make sure we review those so we can
25 come talk intelligently on them tomorrow because there

1 is a lot of good, really good information and good meat
2 I think in those recommendations, too.

3 MR. LONG: Now one last point to add on Rick
4 Gabrielson's paper on that is basically one of the key
5 issues in that that we saw last time is basically that
6 the way we frame this issue affects where we put
7 different parts of the work in the different
8 subcommittees.

9 So it is going to be really important to talk
10 this through and I think the preparation with DOT
11 talking about where they are on some of the issues we
12 just heard mentioned now and looking at how we want to
13 attack those issues is going to be a good outcome
14 tomorrow. So --

15 MR. BLASGEN: Anything else? Does anybody
16 have anything else to discuss or agenda items for
17 tomorrow?

18 [No response.]

19 MR. LONG: And we also have members of the
20 public at large here. I invite more formal comments.
21 Everyone has been participating as it is anyway, but
22 comments from others who haven't spoken who would like
23 to?

24 [No response.]

25 MR. LONG: Okay. Then let's adjourn.

1 MR. BLASGEN: Great. Let's adjourn and we
2 will see you all back here tomorrow morning.

3 MR. LONG: It will be the same place, now that
4 everyone is familiar with the route.

5 [Whereupon, at 2:37 p.m., the committee was
6 recessed.]

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Advisory Committee on Supply Chain Competitiveness, held on Tuesday, June 23, 2015, were transcribed as herein appears, and this is the original transcript thereof.

ANTHONY DENNIS,

Court Reporter